

WOLSELEY HUGHES Central to Britain's heating...

Reptiles on and off screen at Cannes P14

CONTINENTAL ILLINOIS The rumours that wouldn't die P16

THE LONDON SEASON Royal Academy and the Chelsea Flower Show P15

Clothes for larger ladies P15

Clouds gather over the gilts market P9

WORLD NEWS

West German lock-outs ordered

West German employers ordered mass lock-outs from next Tuesday in the strike-bound Stuttgart area.

About 65,000 engineering workers in the North Baden-Wuerttemberg region will be made idle, in addition to the 13,500 on strike.

The country's central union federation hit back with a call for a general strike on Wednesday of all members in the affected area. Page 2

Two die in Ulster blast Two men were killed and 11 injured—some seriously—in a bomb blast in a car park in Baniskillen, County Fermanagh, Northern Ireland. Earlier, the Provisional IRA claimed responsibility for an explosion that killed two policemen in County Armagh.

3-day school strike Four thousand National Union of Teachers' members will next week take part in the first of a series of three-day strikes over pay. Page 4

Greece expels envoy Greece expelled a U.S. Embassy employee in Athens for his involvement in the investigation into the November murder of a U.S. Navy captain.

Iran issues warning Iran warned other Arab states and the West not to get involved in its Gulf war against Iraq. Page 2

Mexico attacks article Mexico protested to the U.S. State Department about a newspaper article accusing President Miguel de la Madrid of having money in foreign bank accounts. Page 2

Sakharov petition The European Community is to petition Moscow about dissident physicist Andrei Sakharov and his wife who are on hunger strike in the Soviet Union, thereby allowing French President Francois Mitterrand to raise the issue on a planned visit to Moscow.

Standard proposals The European Commission was asked to draw up plans for common standards in telecommunications and electronics industries. Back Page

Philippines' shuffle Philippines' President Ferdinand Marcos said his cabinet would resign by the end of June.

Agent Orange lawsuit A group of Vietnam War veterans sued three U.S. government agencies for failure to warn soldiers of the dangers of the herbicide Agent Orange. The suit came 12 days after seven chemical companies settled a similar action out of court for \$180m (£129.5m).

Beirut fighting flares At least 15 people were wounded in heavy fighting between rival Christian and Moslem forces in Beirut.

Award for FT reporter Mary Ann Sieghart, of the Financial Times, received the Wincott Award for the leading financial journalist under 28. Page 3

BUSINESS SUMMARY

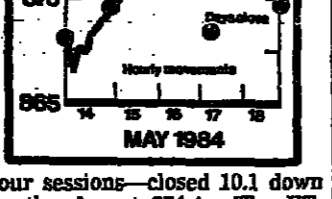
Short Bros in deal with Embraer

SHORT BROTHERS, Belfast-based aircraft maker, is to collaborate on a wide range of civil and military aircraft programmes with Embraer, the Brazilian aerospace company. It is to adopt the Embraer Tucano aircraft in a bid to win the RAF's competition for a £200m trainer order. A joint team is to study "advanced commuter aircraft concepts." Page 3

EUROPEAN ministers at an OECD meeting in Paris stepped up pressure on the U.S. for further cuts in its budget deficit, in spite of the staggered \$142bn (£102.4bn) reduction approved by the Senate on Thursday. Back Page

U.S. ECONOMY expanded at annual rate of 8.6 per cent in the first quarter, significantly faster than previously thought, the Commerce Department reported. Page 2

EQUITIES fell on U.S. banking worries. The FT Industrial Ordinary index—which had climbed 13.5 in the previous



four sessions—closed 10.1 down on the day at 874.4. The FT Actuaries All-Share index lost 0.8 per cent to 519.79. Gilts resumed their downturn. Page 2

COFFEE: Supply difficulties lifted the July position 96.5 yesterday to a 67-year high of £2,474 a tonne. Page 21

DUN AND BRADSTREET and A. C. Nielsen, U.S. information processing companies, agreed on a merger which values Nielsen at just over \$1bn (£721m). Back Page

INFLATION rate for April was unchanged at 5.3 per cent, disappointing City hopes of a slight fall. The Government remained confident that inflation would continue to edge down in the rest of this year. Back Page

CONSTRUCTION workers' union negotiators seem certain to accept a pay rise totalling about 5.5 per cent with fringe benefits. Page 4

BOOTS announced that it has won a licence from the U.S. Food and Drug Administration to sell its pain-reliever ibuprofen over the counter in the U.S.

FRANCE'S Government refused to allow the private Citroen car company to implement plans to make 2,000 workers redundant. Page 2

POLLY PECK, international trading group, is making a recommended offer for Wearwell, clothes maker, in a merger deal which values the latter at up to £53.4m. Page 18; Lex, Back Page

NUM under pressure to reach settlement

THE National Union of Mineworkers is under strong pressure from other unions, the Labour Party and its own members to find a negotiated settlement to the coal industry dispute, which has ended its 10th week.

The National Coal Board claims a back-to-work movement is gathering strength in North Derbyshire, a left-led area on strike since the dispute escalated.

Mr Peter Shore, the shadow trade and industry secretary, yesterday said the NUM's decision not to hold a national ballot was a disaster and urged both sides to enter talks without preconditions.

Unions in the electricity supply industry have given a dusty response to an appeal from Mr Peter Heathfield, the NUM general secretary, not to cross picket lines round power stations.

Mr Ken Moses, the North Derbyshire NCB area director, said last night he had been inundated with calls from miners asking for details of how to report to work, or stating their determination to work, next Monday.

This followed a letter from Mr Moses to all miners, which claimed that it was in their interests to return to work.

He said: "People have phoned asking what to do to come to work, they have walked into collieries to ask managers if they can work, they have told me they are determined to work."

North Derbyshire's pit branches meet this weekend, when the NCB hopes any move back to work will gather force. That heavy picketing may prove too much for a potential revolt—but insists the anti-strike feeling will continue to build.

Mr Gordon Butler, the NUM area secretary, said last night the letter was "the lowest form of inducement" to men suffering hardship. He said: "I have advised the men to put the letter back in the envelope and return it to Mr Moses without a stamp. I'll guarantee he gets 20 times more letters back than telephone calls from people wanting to return to work."

Mr Shore, addressing the annual industrial conference of the Electrical and Plumbing Trades Union, said both sides had displayed "total intransigence". His overt criticism of the miners' leadership mark the first public breaking of ranks

within the shadow Cabinet over the dispute.

Mr Neil Kinnock, the Labour leader, made a speech of a different tone at the Welsh Labour Party conference. He called on the Government to break the deadlock, and proposed a four-point plan as a framework for negotiations.

This would include: emphasis on production and development; a new financial structure for the industry; a fresh assessment of coal's importance as an energy source; and an energy strategy giving coal "justifiable pre-eminence."

Mr Heathfield's letter to the power supply unions was sent out last week, following the meeting last Friday between the NUM and the transport unions.

It reminds the unions of the facts of the miners' case, and then calls on them to "act in solidarity" with the mine workers. "All power stations are picketed or are deemed to be picketed and I am calling on trade unionists not to cross picket lines."

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OFT studies Lonrho plan for House of Fraser

LAWYERS AT the Office of Fair Trading are studying Lonrho's attempts to pack the boardroom of House of Fraser, the stores group, with directors who represent Lonrho's interests.

Lonrho has requisitioned resolutions at House of Fraser's annual general meeting on June 29 to secure the election of six of its own directors and six outsiders. The move is designed to ensure that Harrods' plan for the floating-off of Harrods of Knightsbridge, the group's main store, is approved at board level.

Mr Roland "Toby" Rowland, Lonrho's chief executive who has a seat on the Fraser board, said yesterday that once Harrods had been floated-off in a demerger "a number of companies would want to take Harrods over. I guess we would be one of them."

Lonrho's latest tactics in its battle for control over House of Fraser, which began nearly seven years ago, has set the Office of Fair Trading and the Department of Trade and Industry a new challenge.

In 1981, Lonrho's attempts to take over Fraser were blocked by the Monopolies and Mergers Commission because it would be against the public interest.

Lonrho, which has a 29.99 per cent stake in Fraser, had to give undertakings to the Secretary of State that it would not increase its shareholdings above 30 per cent and not to do anything which could result in Lonrho and House of Fraser becoming inter-connected bodies.

The Office of Fair Trading said yesterday that the latest initiative by Lonrho was being treated as "our number one priority". Our mergers secretary said the lawyers are working frantically on it. We have a duty to ensure that the undertakings are kept under review.

Sir Gordon Borrie (the director general of Fair Trading) will have to advise the Secretary of State whether the Lonrho moves are consistent with the undertakings.

Lonrho said yesterday that it had held discussions with the Office of Fair Trading and the Continued on Back Page

U.S. bank rescue prompts recovery

FINANCIAL markets in the U.S. were gradually returning to normal yesterday as investors and traders pondered the longer-term implications of the U.S. Government's rescue package for Continental Illinois, the eighth biggest U.S. bank.

In the international money markets, Continental's paper was beginning to trade more normally after several days when banks had shunned it.

One New York dealer said Continental was still having to pay about half a percentage point more for funds than other banks, but he detected a narrowing of the premium that the bank had been having to pay on certificates of deposit.

The sharp falls in long-term U.S. bond prices on Thursday, which had been precipitated by worries about the health of the U.S. banking system, were reversed yesterday, and by lunchtime the 134 per cent long bond, Treasury 2014, had recovered by more than a full point to 98 7/8.

In U.S. short-term money markets, rates continued to fall sharply with the Federal Funds (or overnight interbank) rate dropping by 2 percentage points at one stage to 8 per cent before picking up to about 9 per cent.

Dealers said they thought the Federal Reserve was providing funds to the market to be as accommodating as possible, given the market nervousness following the run on Continental.

Foreign bankers in New York said they thought the official rescue package for Continental, which means, in effect, that the bank regulators will not allow the bank to fail while a longer-term solution is being put together, had succeeded in restoring international confidence in the U.S. banking system.

However, there were markedly differing opinions on what the rescue package meant for Continental itself. This was reflected in heavy trading in the Chicago Bank's shares on the New York Stock Exchange.

They started the day almost half a point better at \$108, fell to \$99, and by 2.00 pm were back at \$110. The shares were the most actively traded on the NYSE.

The question in most makers' minds is whether Continental can use the breathing space given by the rescue package to trade its way out of its problems on its own, or whether it will be pushed into a merger of convenience.

Mr David Weiss, chief financial economist of Data Resources, the economic consulting firm, said that the Federal Reserve was being "severely tested by the problems of Continental Illinois."

"Support of the bank is primarily an attempt to calm the financial markets, not an attempt to bail out one bank, unfortunately."

Lazard houses strengthen links

LAZARD BROTHERS, the London merchant bank, is to join forces with Lazard Freres in New York and Paris to create a powerful international investment banking network.

The three firms are to retain their local independence but will form a partnership aimed at exploiting the fast-growing international capital markets.

Under an agreement announced yesterday, the links between the three firms are to be strengthened significantly by a series of capital and cash exchanges.

At present, just over 79 per cent of Lazard Brothers is owned by S. Pearson and Son, the diversified UK group which also owns the Financial Times. Most of the rest is controlled by M. Michel David-Weill, who is senior partner of the New York firm and the major partner in Paris.

The London merchant bank is a limited partner in the New York house.

Until recently, Lazard Brothers has had few business links with the two other Lazard houses, which have traditionally worked much more closely together.

After the reorganisation, 100 per cent of the London merchant bank will be owned by a new grouping, Lazard Partners, which will be 50 per cent owned by Pearson. Most of the rest will be controlled by partners in the New York and Paris houses.

At the same time Pearson will become a partner in both the New York and Paris firms. Directly and indirectly, it will have a 10 per cent share in the profits of both houses, making it one of the largest partners.

Table with 5 columns: Year (1980, 1981, 1982, 1983), Entity (Lazard Freres New York, Lazard Freres Paris, Lazard Brothers), and Profit before taxation and interest on partners' capital (£m).

Net tangible assets of the New York firm were put at \$40m, and profits in the year to last September were \$55m before tax and interest on partners' capital.

On a similar basis, the Paris house made £7m on net tangible assets of £6m.

Lazard Brothers, which is not a partnership, reported profits of £13.4m before tax last year, and its net tangible assets are £79m. The merchant bank will continue as a member of both the Accepting Houses Committee and the British Bankers Association.

Feature, Page 6; Lex, Back Page

LSE professor likely to head OfTel

PROFESSOR Bryan Carsberg is expected to be named on Tuesday as the first director-general of the Office of Telecommunications (OfTel), which will regulate the affairs of both British Telecom (BT) and Mercury, its business services rival.

Prof Carsberg is professor of accounting at the London School of Economics (LSE) and is director of research at the Institute of Chartered Accountants. He came to ministers' notice after working as an independent adviser to the government on specific telecommunications matters, including the cellular radio licences and the general licence for value-added network services offered on telephone lines (VANS).

The appointment of the director-general is the latest step in the build-up of a regulatory structure for telecommunications, as preparation for the proposed sale of shares in British Telecom this year. The next step is the publication of a British Telecom operating licence, which has to be sent to Parliament for approval. Both houses will debate the licence. They will be able to approve or reject it, but not amend it.

OfTel will have powers similar to those of the Office of Fair Trading. It will monitor competition and will be expected to ensure that BT does not abuse its de facto monopolies. OfTel will have legal powers to investigate any offences and to require their correction.

Other members of the committee are Lord Blakenham and Mr James Joll of Pearson; Mr Felix Robinson of the New York firm; Mr Ian Stewart, chairman of Lazard Brothers; M Jean Guyot of the Paris firm; and Mr Antoine Bernheim of Eurafin, a French listed investment company which is effectively controlled by the partners of Lazard in Paris.

For the first time, the New York and Paris houses have disclosed details of their profits and balance sheet.

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On a similar basis, the Paris house made £7m on net tangible assets of £6m.

MARKETS section containing DOLLAR and STERLING exchange rates, New York and London market data, and U.S. LUNCHTIME RATES.

CONTINENTAL SELLING PRICES: Austria Sch 16; Belgium Kr 32; Denmark Kr 7.25; France Fr 6.02; Germany DM 2.22; Italy L.100; Netherlands Fl 2.50; Norway Nkr 6.02; Portugal Esc 20; Spain Ptas 100; Sweden Kr 6.50; Switzerland Fr 2.00; Ecu 166; Malta 30c.

CONTENTS section listing various market-related items and their page numbers, including Appointments, Gold Markets, SE Dealings, and ANNUAL STATEMENTS.

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Yugoslavia and IMF seek to end pricing row

By David Buchan and Aleksandar Lebl in Belgrade

YUGOSLAVIA AND THE International Monetary Fund (IMF) are urgently seeking to bridge...

Following the visit this week by Mr Vlado Klemencic, the Yugoslav finance minister...

However, some Yugoslav officials concede that the 30-day notification procedure...

Iran warns against intervention

BY KATHLEEN EVANS IN DUBAI

IRAN yesterday issued its sternest warning yet against the involvement of other Gulf Arab states...

Mr Rafsanjani's declaration was followed quickly by a broadcast in Arabic from Tehran...

Nevertheless, it is possible that the Iraqi aircraft may have struck Iranian vessels...

arrives in Tokyo on Monday. Mr Aziz is accompanied by Mr Sabah al-Ahmad al-Jabir...

Government cracks down on Bolivian strikers

By Hugh O'Shaughnessy

THE LEFT-of-centre Bolivian Government of President Hernan Siles decreed a firm crackdown on industrial unrest yesterday...

W. German employers order lock-outs of engineering workers

BY RUPERT CORNWELL IN BONN

THE CRISIS in the German engineering industry deepened dramatically yesterday as employers ordered mass lock-outs...

Monday around Frankfurt and elsewhere in the Hesse region. The main victims of the strike so far have been the car manufacturers...

Mexico protests over corruption claim

BY DAVID GARDNER IN MEXICO CITY

MEXICO HAS sent a strong letter of protest to the U.S. State Department concerning an article which appeared in the Washington Post...

that the U.S. Government has no information in its possession which could substantiate Mr Anderson's allegations...

A strongly-worded letter of protest was sent to the Washington Post, and the Mexican President received a personal apology from Mrs Katherine Graham...

Portillo, his predecessor. Several prominent Lopez appointees are currently in jail awaiting trial on corruption charges...

U.S. economy surges ahead at 8.8% a year

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. economy expanded significantly faster than previously thought in the first quarter, surging ahead at an annual rate of 8.8 per cent...

House, though clearly concerned about such risks in an election year, has consistently maintained that the economy is not over-heating...

The first quarter saw a 3.9 per cent increase in after-tax corporate profits which recovered from a decline of 0.8 per cent in the final quarter of last year...

Both Republicans and Democrats in the Senate acknowledged yesterday that it would be difficult to reconcile the two versions...

Israel denies camp shootings

By David Lennon in Tel Aviv

ISRAEL has denied any responsibility for the killing of two women in the Ein Hilwe Palestinian refugee camp near Sidon, in southern Lebanon on Thursday...

IBM urged to settle in EEC competition case

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission yesterday stepped up pressure on IBM, the world's largest computer manufacturer...

tion released when a new product is announced. Mr Andriessen's comments mean that unless IBM and the Commission can negotiate a settlement...

Swedish prices up

SWEDEN'S consumer price index has continued an upward trend in spite of the Government's tough anti-inflation policy...

French government blocks Citroen redundancy plans

BY PAUL BETTS IN PARIS

THE FRENCH Government yesterday refused to allow the private Citroen car company to go ahead with its controversial plans to make 2,000 workers redundant...

native except to go ahead with the cuts if it is to return to profitability. But the government is now trying to persuade Citroen management and unions to negotiate a compromise...

John Griffiths reports on the revival of Germany's premier motor racing venue

Return of the Nuerburgring

HIGH ON the forest-shrouded Eifel hills, amid a strong aura of myth and legend, the second great "ring" cycle is under way. The production has cost DM 81m (£31m) and the opening performance at the weekend involved a cast of thousands...

west of Bonn, is sparse—much of it in paper-making—and tourism is important. The closure of the old Nuerburgring to grand prix racing (though part of it is still used for lesser events) dealt a nasty blow to an area reliant on an annual influx of racegoers...



Veteran racing cars speed along the newly-built track of the Nuerburgring last weekend

Investors will be sought to participate in the further growth that is expected. Dr Vogel sees an even wider role for the new "ring". He wants to see it developed into a road safety training centre, with instruction courses and facilities such as sidpans...

plus Niki Lauda himself, Jack Brabham, John Surtees, James Hunt and Stirling Moss, an acknowledged world champion who never actually won the title...

Mugabe attacks opposition over rebel action

By Tony Hawkins in Harare

MR ROBERT Mugabe, the Zimbabwe Prime Minister, yesterday warned the opposition Zanu party to prepare for an exceedingly tough new road. The Prime Minister, speaking at the funeral of an official of the ruling Zanu party...

Political analysis said Mr Mugabe's bitter attack on the opposition party led by Mr Joshua Nkomo appeared to be in shadow a new offensive against the dissidents in Harare. The Mugabe Government accuses the opposition party of aiding and abetting the rebels who have been waging a hit and run campaign against security forces since 1982...

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# R-R signs helicopter engine deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE and Turbomeca of France have signed an agreement to develop and produce a helicopter engine, the RTM-322, at a cost of more than £100m.

The British and French defence ministries are subscribing part of the development cash and the two companies the rest.

The engine, of 2,100 shaft-horsepower, is aimed at the growing market for civil and military helicopters. However it is what is called a "core" engine, which means it can be adapted for other uses.

From the basic "hot core" of the RTM-322, for example, Rolls-Royce and Turbomeca could develop a turbo-propeller engine to replace the Dart turbo-prop, and a jet engine for small business aircraft.

The first sales target is the

AIR FARES between London and the Netherlands, already set to be cut from £87 to £49 return this summer, may be further reduced to £20 one way from September 1, Michael Donne reports.

Virgin Atlantic Airways, which will offer a cheap (£99 single) fare across the North Atlantic from Gatwick to Newark (New Jersey) from June 22, plans to operate a service from Gatwick to Maastricht at £20 one way.

Anglo-Italian (Westland-Agusta) EH-101 helicopter being developed to replace the ageing Sea King helicopters in both the Royal Navy and Italian Navy. A commercial version of the helicopter will also be developed.

Rolls-Royce and Turbomeca

It has applied to the UK Civil Aviation Authority and the Dutch Government for permission to fly the route at that rate. The service would be an extension of its Gatwick-Newark operation, using the same Boeing 747.

Maastricht is close to the Dutch-German-Belgian border and if Virgin Atlantic flew from there it would enable the airline to tap a much wider market for its trans-Atlantic service.

believe other important markets are emerging. One is in the U.S. Sikorsky Black Hawk tactical transport helicopter, which uses a U.S. engine.

The British Defence Ministry is studying the Black Hawk as a possible replacement for

Wessex and Puma helicopters in the UK armed forces. If chosen, the Black Hawk would have to be re-engineered with a British power-plant, and the RTM-322 is considered suitable.

Sikorsky is studying the engine at its Stratford, Connecticut, plant.

Another market could be the Franco-West German (Aerospatiale-Messerschmitt) PAB-2 anti-tank helicopter.

Rolls-Royce and Turbomeca have authorised production of an initial batch of 12 RTM-322 engines. The first will run on the test-bed this year and production engines will be available in 1988.

The two companies foresee an eventual market of more than 5,000 engines, of which more than half could be in exports. The value of the total market would be many hundreds of millions of pounds.

# Shipbuilding subsidy rise sought

By Andrew Fisher, Shipping Correspondent

THE GOVERNMENT is pressing the EEC to be allowed to increase subsidies on individual shipbuilding orders, so as to bridge the wide gap between UK costs and Far Eastern prices.

The move, announced in Parliament yesterday by Mr Norman Lamont, an Industry Minister, followed a proposal by the European Commission in February that EEC member states be allowed to increase aid to national shipbuilding industries.

This is intended, however, to be linked to further cuts in capacity and jobs, along with investment in new techniques to make remaining yards more competitive. The various states have yet to approve such measures.

Under present rules for the intervention fund, by which the Government helps British yards come closer to matching low Far Eastern prices, such aid may amount to 15 per cent of the contract price.

Mr Lamont said yesterday that the EEC had been sent proposals "for a significant increase in the permissible level of government support for shipbuilding orders." State-owned British Shipbuilders would like to be able to secure 30 per cent subsidies for some large contracts.

# DBS 'ought to be superstation in sky'

BY RAYMOND SNODDY

DIRECT BROADCASTING by satellite should be a superstation in the sky carrying live sport, plays and concerts as well as round-the-clock news, says Mr Bryan Cowgill, managing director of Thames Television.

Apart from offering a film channel it really would not do to serve a staple diet of repeat material dressed up as the best of the BBC and the best of ITV, he told the Royal Television Society.

In a survey of what programming would be needed to make DBS a success, he said: "What we desperately need is a new concept and then the entrepreneurial energy and nous that will create a buzz and an appetite."

DBS should be used to liberate a wealth of material so

far confined to the stadium, the theatre and the concert hall. People all over Britain should be able to watch performances at the South Bank and the Barbican through contributing to an electronic box-office.

The third of the three extra channels planned for DBS could provide the first steps towards a television version of the BBC World Service, he said on Thursday.

The kind of journalistic service that the combined resources of the BBC and ITN were equipped to provide would be of enormous value to the UK. If "the lion lay down with the tiger" both the BBC and ITN, and their associated international news agencies, Visnews and UPITN could pool their resources for a 24-hour-a-day news channel.

# Attallah and Cluff buy art magazine

Financial Times Reporter

APOLLO, one of the art world's glossiest magazines, has been bought by Mr Alec Cluff, managing director of Cluff Oil and owner of The Spectator, and Mr Naim Attallah, publisher and a director of Asprey's Jewellers.

The monthly magazine was sold for an undisclosed amount by FT Business Information, a subsidiary of the Financial Times.

Apollo, which has a circulation of about 8,000 mainly in Britain and the U.S., will be published as a joint venture by Mr Cluff and Mr Attallah. They own jointly the Literary Review. Mr Joe Rogaly, chief executive of FTBI, said yesterday that Apollo was being sold because the group was concentrating on business magazines such as Investor's Chronicle.

He said: "We have published Apollo since 1982 and our association has been a source of great satisfaction to us. However, the recent reorganisation of our widely-based business publishing and information services into FT Business Information has led to rationalisation of our international and expansion and development of our business magazine newsletters and allied services." Mr Attallah said it was early to say what plans he and Mr Cluff had for Apollo.

# Shorts and Embraer in joint RAF trainers bid

BY OUR AEROSPACE CORRESPONDENT

SHORT BROTHERS, the Belfast aircraft manufacturer, signed an agreement yesterday to collaborate in a wide range of civil and military aircraft programmes with Embraer, the Brazilian aerospace company.

Short, under the agreement will adopt the Embraer Tucano turbo-prop basic trainer aircraft and offer it to try to win the RAF competition for a £200m order of 155 trainer aircraft.

A joint team will be set up to study possible "advanced commuter airliner concepts"

for the 1990s, and new business and executive aircraft.

Further collaborative aviation ventures will be studied "on anything that makes commercial sense".

The pact, going far beyond the original Shorts-Embraer collaboration on the Tucano aircraft first mooted some time ago, was signed by Sir Philip Foreman, chairman and chief executive of Shorts, and Senhor Ozorio Silva, chairman of Embraer.

Sir Philip said that if the

Tucano won the RAF competition it would be built 100 per cent in Belfast, creating 600 jobs in the company, which now employs 6,000 and promoting work in the UK aerospace equipment and component industries.

"Shorts will be responsible for the total programme within the UK, including all the design and development work associated with tailoring the

Tucano to meet the RAF's requirements, as well as for marketing and after sales support," he said.

The Tucano is one of a short-list of four aircraft being studied by the RAF. The others are the Swiss Pilatus PC-9, in conjunction with British Aerospace; the Australian A-30 Wamira; and the British-built Firecracker, from Firecracker Aircraft.

# Lufthansa denies claims over Laker evidence

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LUFTHANSA has denied a suggestion that the U.S. Justice Department dropped a key part of its investigation into Laker Airways' collapse on limited evidence available in the U.S.

The West German airline says Justice Department officials had access to relevant Lufthansa documents in Germany and took evidence from its staff in Cologne.

Only after a thorough investigation, with Lufthansa's full cooperation, did the Justice Department announce that Lufthansa, Swissair, British Caledonian, McDonnell Douglas and General Electric were out of the inquiry, Lufthansa claims.

The Justice Department stated last week that it would not start any civil or criminal anti-trust action over allegations that a group of airlines and others conspired to wreck a plan to refinance Laker.

It is still investigating other

aspects of the Laker collapse including, it is believed, allegations of a conspiracy to destroy Laker by fare-price fixing.

Lufthansa, BCal, Swissair and McDonnell Douglas believe that they are not involved in the fare-fixing investigation as they were not Laker's competitors on the London-New York route.

Lufthansa and BCal also believe the Justice Department's decision has removed the basis for the claims against them in the \$1.1bn (£787m) civil anti-trust action begun in a Washington court by Mr Christopher Morris, the Laker liquidator.

It is not a view shared by Mr Morris and his lawyers. They do not distinguish between Laker's competitors — Pan American, Trans World Airways and British Airways — and the other airlines and companies Mr Morris has sued.

His claim is based on a belief that the two alleged conspiracies were both part of a plan to get rid of Laker.

# Labour in Wales rejects support for law-breaking

BY ROBIN REEVES, WELSH CORRESPONDENT

CALLS FOR unqualified support to trade unions and councils breaking the law were rejected overwhelmingly at the Labour Party's Welsh Conference in Tenby yesterday.

It backed an earlier conference appeal by Mr Neil Kinnock, Labour leader, not to treat the law with contempt because it was a weapon for a future Labour government, opting for a moderate resolution from the National Union of Public Employees.

This called on Welsh local authorities, many of which are Labour-controlled, to resist government financial targets, maintain services and staffing, and reject privatisation.

However, delegates supported overwhelmingly a Transport and General Workers' Union resolution. This called for re-introduction of foreign exchange controls on the export of capital, selective tariffs on manufacturing imports and "the development of a more orderly world trading system to maintain a high and sustainable level of economic growth in developing nations."

Moving the resolution, Mr George Wright, the union's Welsh secretary and a leading contender to succeed Mr Moss Evans, said the policy of an open door for imports and the export of capital had produced an economic disaster in the UK.

# A B.A.T Industries Report

An abridged version of comments made by Patrick Sheehy, Chairman of B.A.T Industries, at the Annual General Meeting on Thursday 17th May, 1984.

# "Investment will flow to where it is needed only if the conditions are right"

The prosperity of the whole world depends, to a great extent, on the investment decisions made by vigorous and enterprising companies like ours.

When we invest in another country we provide money, jobs and skills, and we create new resources that are vital for the development of that country.

But investment will flow to where it is most needed and does most good only if the conditions are right. And I have to say that in many parts of the world the conditions are not yet right.

For example, some countries have foreign investment review bodies which create so many obstacles that it is easier to go elsewhere.

Others have developed administrative barriers, difficult to pin down, but time-consuming and frustrating. I have in mind the practices of some of our friends in Europe. If we are to realise the potential of a common market of 270 million people, we must sweep away the barriers and create one internal market to equal that in the United States.

We have seen European Commission initiatives for harmonising company law which totally misunderstand the complex nature of a group such as ours. With our vast experience of many forms of corporate organisation we do not believe that any one system of management structure will suit them all.

Looking outside Europe, there are pressures to make us reduce our shareholdings in companies. We are very well aware of the benefits of local

involvement, but cutting our shareholding too far can deprive a local company of our expertise and even make us question the desirability of any further investment in that country.

Sometimes the draconian financial policies laid down when the International Monetary Fund is called into a country do not show sufficient understanding of the underlying social circumstances and can result in a shrinking of the economy.

Certainty in taxation standards is another major criterion for investment and I am glad we are seeing some encouraging signs on the question of unitary taxation.

Finally, financial services is a sector where we now have a vital interest, and one which offers tremendous potential throughout the world. We therefore need to create one common market in Europe for services, as well as goods, and I welcome the growing support for an international liberalisation of trade in services.

These issues face any company which is seeking to invest. They do not stop us. We are constantly examining new opportunities and overcoming practical difficulties — thanks to the skill and enthusiasm of our managers.

But it is vital that we draw public attention to where barriers and disincentives to investment exist. Because, more than ever before, private investment by companies such as ours has a vital role to play in both the developed and developing world. A role that this Company, given the right conditions, is willing and eager to accept.



Hugh Routledge

# Award for FT journalist

MARY ANN SIEGHART (above left), of the Financial Times, yesterday received her award for the leading financial journalist under 25, presented on behalf of the Wincott Foundation by Mrs Joyce Wincott.

The foundation commemorates Harold Wincott, the eminent financial journalist who died in March 1969. Ms Sieghart, who writes mainly on the Eurobonds markets, was recently commended in the young journalist category of the British Press Awards.

Other awards from the foundation for outstanding achievements in economic and financial journalism went to Mr Rupert Pennant-Rea of the Economist (senior journalist of the year) and Mr Patrick Weaver of the Birmingham Post (provincial press).

The panel of judges made a special award to Channel Four television for carrying a regular, hour-long news programme that has enabled economic affairs to be covered in greater depth.



Copies of the full speech are available from the Company Secretary, B.A.T. Industries p.l.c. WINDSOR HOUSE 50 VICTORIA STREET LONDON SW1H 0NL



Handwritten note: "LSDA 15/5/84"

THE WEEK IN THE MARKETS

A rally without staying power

Both equities and gilts tried to stage a rally after the severe shakeout of the previous week but rising prices were short-lived, faltering in the face of a barrage of poor news from both sides of the Atlantic.

market and took a long time to be accepted by investors as a successful diversification.

a balance in its trading mix, albeit in a less ambitious way. Guinness has launched an agreed £48.8m offer for Martin the Newsagent which had been under attack from W. H. Smith sporting a £34.4m cheque.

In the UK, meanwhile, the market had to contend with a dismal set of PSBR figures for April. The borrowing requirement of £2.45bn—equal to a third of the forecast for the whole year—was way ahead of City estimates of between £1bn and £1.5bn.

Yet if the industrial logic proved a little hard to follow, the financial side of the argument is a lot easier to live with. Thorn is currently around 50 per cent geared in its balance sheet.

The move by Guinness, which will bring in nearly 500 Martin shops to add to its own Lavelle chain of newsagents and Drummonds pharmacies operation, marks a substantial change in strategy.

The insurance sector, meantime, had more to think about than the latest first quarter results from Commercial Union and General Accident.

The Government has at least made its position reasonably clear. As long as suitable safeguards are provided over military supplies the Government, which owns 48 per cent of BAE, will take a neutral stance and let other shareholders decide the groups' fate.

That buoyant first quarter was in clear evidence when Royal Dutch/Shell produced its figures on Thursday. Its net earnings for the three months

Whatever shareholders expected from Sir Austin Pearce at Tuesday's annual meeting of British Aerospace they were certainly not prepared for a statement that Thorn EMI was making overtures for a merger.

Black knight If the word "balance" was much in evidence at Thorn this week, Arthur Guinness was also on the acquisition trail to obtain

the impossible problem sitting in London is how to read the Middle East situation. Yet, from a share price point of view, it looks like "heads you win, tails you don't lose."

LONDON ONLOOKER

supplies are dramatically disrupted there could be a significant rise in oil shares but if the Middle East suddenly calms down—and that is a suitably "if" in the near term—the oil price is unlikely to slip back very far.

Somewhat easier to predict is the demand side of the equation. Earlier this year the market was getting excited by the outlook. A cold snap in January and February left analysts looking at a relatively harsh winter against a mild one.

That buoyant first quarter was in clear evidence when Royal Dutch/Shell produced its figures on Thursday. Its net earnings for the three months

Banking tremors

NEW YORK TERRY DODSWORTH

THE SHADOW of Continental Illinois, the eighth largest bank in the U.S., has cast a deep pall over every market in the country this week.

by equally strong returns from new car sales and housing statistics. As a result, profits have held up much more strongly than some economists thought possible last December.

It has been impossible to put a finger on the relative impact of this saga on the credit markets, though problems at a major bank are obviously always unsettling.

Meanwhile, the big banks have inevitably been among the victims of this week's share slide, followed by the airlines, and a bunch of high technology stocks, which have been hit by a number of special factors.

As a result, yields on the 30-year long bond were driven up to around 13.7 per cent at one point early in the week, almost a full percentage point higher than three weeks ago.

Part of the reason for the assault on Continental, and the slide in other bank stocks, many of which are already trading at less than half book value, may have been renewed fears about the international debt problem as interest rates ratcheted steadily up again.

Conversely to longer term bond rates, Treasury Bill rates this week began to move downwards, as investors rushed to the safety of short-term Government paper and pushed the price up.

The fact that share prices have not slipped further says quite a lot for the continuing strength of the economic expansion. The April figures on industrial production published this week, and showing a 1.4 per cent increase, proved the point of many analysts who had seen March's lower statistics as a weather-related aberration.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1984 High, 1984 Low. Rows include F.T. Ind. Ord. Index, Aran Energy, Bakers H'hold Stores, Bishoppate Trust, British Aerospace, Britoil, Gerrard & National, Hanson Trust, Lyle Shipping, Martin The Newsagent, Metal Closures, Oil & Gas Production, Oilfield Inspection, Paterson Jenks, Petrol, Shell Transport, Telemetric, Thorn EMI, Waring & Gillow, Whessoe.

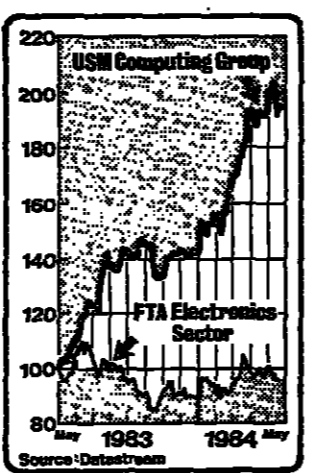
Spot the electronic stars

MICROVITEC should further boost the strongly performing electronics sector of the Unlisted Securities Market when dealings in its shares begin next week.

Unlisted Securities Market

strongly since the beginning of the month with several stocks including Acorn Computer, Norbin Electronics and GMI, Microsystems reaching new highs, the sector fell back a little this week.

Three USM quoted companies at different stages of development illustrate the problems typically facing a young, public company. They have in common, an early dramatic success in a particular niche of the electronics market and a small, enthusiastic management with strong personalities at the top.



last week, though they have slipped back since. Acorn, the largest micro-computer manufacturer in the UK, had a disappointing arrival on the market at 120p per share.

THE SINGER & FRIEDLANDER BUSINESS EXPANSION FUND 1984/85

Following Singer & Friedlander's launch of the 1983/84 Fund which was fully invested, income tax payers still have time to consider investing in The Singer & Friedlander Business Expansion Fund 1984/85 which again offers a spread of investment in exciting, unquoted companies.

The news was well received by the market. Micro Business has proved adept at using its paper to expand. In December 1983 it bought Altronics Computers for £3.6m via a share placing.

COUNTY BANK 2ND BUSINESS EXPANSION FUND

(a fund approved by the Inland Revenue under the terms of the Finance Act 1983)

Objectives of the Fund are:

- To enable UK investors to invest directly in a diversified portfolio of unquoted companies with good growth prospects.
To allow higher rate taxpayers to benefit from the tax advantages of the Business Expansion Scheme for the tax year 1984/85.
To provide development capital both for established companies and for newer ventures.
To offer investors the benefit of County Bank's expertise in investing in unquoted companies.

Subscription Period: 18th May 1984 to 22nd June, 1984\*

Minimum investment is £2,000; maximum £40,000.

For full details of the Fund send in the coupon below for a copy of the Memorandum inviting participations in the Fund.

Investment in unquoted companies can carry higher risk than many other forms of investment, and before investing you should seek advice from your accountant, stockbroker, solicitor, bank manager or other professional adviser.

\*Applications must be made on, and on the terms of, the application form contained in the Memorandum and must be received by 5pm on Friday, 22nd June, 1984.

The County Bank Limited, Investment Division, BES Fund, 11 Old Broad Street, London EC2N 1BB. Telephone: 01-638 6000. Please send me a copy of the Memorandum inviting participations in the County Bank 2nd Business Expansion Fund.

Name: Address: Tel:

COUNTY BANK 2ND BUSINESS EXPANSION FUND

National Westminster Bank Group

# INTERNATIONAL BANKING

## Richard Lambert on the restructuring of a financial family

# Lazard—a new style of banking partnership

ANDRE MEYER, the legendary French financier who rebuilt Lazard Frères in New York after the second world war, did not think too highly of his counterparts in Lazard Brothers, the London merchant bank. A man who even in his sweetest moments was capable of turning his subordinates' spines into jelly, Meyer would sometimes give people hell simply for phoning London without his prior permission.

According to a recent biography\*, he thought the British were lazy, unambitious and dim-witted. "We should never have allowed them to use our name," he used to moan.

Five years after his death, the relationships have changed significantly. The London bank has become a limited partner in the New York operation, and developed increased contacts with the closely related Paris Bank, Lazard Frères et Compagnie. And now, the network is to be strengthened considerably.

The complicated series of transactions announced yesterday will create a new kind of partnership in the international investment banking community—one which flies in the face of the current vogue for size and financial muscle.

It will go a good way towards recreating a banking family which was split 65 years ago when control of Lazard Brothers in London was sold to British interests. And in a number of significant ways, it will also carry the imprint of the qualities which Meyer cherished.

At present, 79 per cent of the London bank is owned by Pearson, a group which among other things also owns the Financial Times. Most of the rest is owned by the family interests of Michel David-Weill, who succeeded Andre Meyer as senior partner of the New York firm, and who is also the major partner in Paris. It was his forebear who, in the mid-nineteenth century, was summoned from France to the U.S. by the original three Lazard brothers, his cousins, to keep the books in their Californian dry-goods business.

The plan now is for 100 per cent control of Lazard Brothers to pass to a new partnership, Lazard Partners, which will be 50 per



Lord Blakenham (left), chairman of Pearson, and M Michel David-Weill, senior partner of Lazard Frères

cent owned by Pearson. The rest will be held by partners in the French and New York houses, under the firm control of David-Weill.

This is being achieved by a number of asset swaps, along with some cash adjustments. An essential feature of the deal is that the three houses will retain their individual identities and their separate balance sheets.

The goal is to harmonise the strategy and objectives of the three firms in the international markets, while retaining their own particular strengths in domestic business. Like other investment bankers, David-Weill believes that the increasingly international nature of the world's capital markets will create big opportunities in areas like money management, mergers and acquisitions, and the underwriting and marketing of securities. But unlike most of his competitors, he argues that these activities will not necessarily require an enormous slab of financial muscle.

"The fashion of the day says you can only prosper if you have a lot of capital," he says. Lazard thinks otherwise. "We value advice as the product of our work. Up to a point,

we believe that the bigger you get and the more concerned with your own operations, the more difficult it is to be an adviser. We believe that ideas and opinions can replace money."

Cynics may say that this is whistling in the wind. After all, the net tangible assets of the New York house, disclosed for the first time yesterday, are no more than \$40m—which puts it in the little league compared with the likes of Goldman Sachs or Morgan Stanley.

Yet this has been a consistent philosophy, and one that has borne fruit. Meyer told his biographer that he had never wanted to build a giant firm, because "I thought we were more financial engineers. I was always afraid of big organisations."

Under his leadership, Lazard Frères shunned anything so vulgar as retail business, and Meyer didn't care to compete for low margin business. As one associate recalled, "It was against his mentality to take a \$100m position and make a \$1m profit on it. He would rather take a \$10m position and make a \$20m profit on it."

This approach still seems to be bringing results. The New

York and Paris houses have for the first time disclosed their profits—and they look comfortably fat. In the year to last September, New York made \$55m before tax and interest on partners capital, and the trend has apparently held up well in the past six months. The Paris bank, with net assets of \$6m, made a profit of \$7m.

Both these houses are partnerships, and comparisons with the London bank allow for the fact that its reported profits have to carry a much larger chunk of management expenses. All the same, it looks as though New York makes a good bit more money than the London firm on roughly half the capital.

This long standing antipathy to size for its own sake helps to explain why the three branches of Lazard have not simply gone in for an outright merger. "If you merged the three houses, you would be faceless," says David-Weill. "I am convinced that if one were to become the subsidiary of another, it would lose a good third of the possibilities open to it."

Ian Fraser, chairman of Lazard Brothers, points out another advantage. The London

bank has been able to retain its membership of the Accepting Houses Committee and the British Bankers Association, which would have been jeopardised by foreign ownership.

Under the new agreement, Lazard Partners will not take an active role in the day-to-day management of the three houses. And under the voting rules of the partnership committee, the UK members have to approve the appointment of Lazard Brothers chairman and his deputy, as well as any changes in its articles of association.

However the seven-man committee, which will include two members from Pearson plus the chairman of Lazard Brothers, will aim to bring a much greater degree of co-operation in the international markets. "We'll have maybe nine meetings a year, in London, Paris or New York," says Mr Fraser. "We will discuss current business and future expectations and how we can work out opportunities together far beyond what we've done so far."

The transactions announced yesterday will also give Pearson a much broader spread of in-

vestment banking interests. It will end up with a 10 per cent share in the profits of both New York and Paris. As a result, it will be the second largest partner in New York, after David-Weill, and the third largest in Paris where David-Weill also has the largest interest.

On the basis of last year's figures, the initial consequences will be broadly neutral in terms of Pearson's profits. But New York and Paris have grown noticeably faster than London in recent years, and Pearson hopes that the new liaison will itself lead to an accelerating profits performance.

But how will the three firms mesh in together? The London firm has in the past had a somewhat sleepy and accident prone reputation—not helped by a narrow escape from what would have been a disastrous merger with the Slater Walker empire in the early 1970's. David-Weill recalls diplomatically that the London house had called off the marriage "after consultations with Andre Meyer and my father," (who had also been a powerful figure in the New York and Paris firms.)

Mr Fraser says he is very conscious of past criticism, but he can also point to some smart moves in more recent years. One was the decision by Lazard Brothers to sell its leasing business in 1983, thus avoiding the pain being suffered by competitors in the wake of the Budget's tax changes. The merchant bank advised BAT in its successful bid for Eagle Star, the largest ever European takeover, and last week it took a profit of some \$6m on its holding in Datastream, the business data group which is being bought by Dun & Bradstreet.

Just under two years ago, the London bank took an important step towards the philosophy of the New York and Paris partnerships by introducing a pay structure for its top dozen or so employees based on the overall return on capital. "This has had electrifying results," claims Mr Fraser.

For his part, Michel David-Weill does not share the prejudices of his famous predecessor. "I would not do what I am doing today if I did not feel that Lazard Brothers was closer to the spirit of Lazard Frères than most people realise," he says with feeling.

"Financier: the biography of Andre Meyer." By Cary Reich. Published by William Morrow and Co. New York in 1983.

# MINING

# Copper surplus

BY KENNETH MARSTON

WHILE copper prices continue to sag—now at below break-even levels for many mines—and there is a surplus of both copper stocks and mine production capacity, it seems odd to have been reporting this week on the development of two new copper mines. But they are mines with a difference.

The first potential mine is likely to be small, but exceedingly rich. It is the Ansil deposit in the Noranda district of north-western Quebec which was last estimated to hold ore reserves of over 2m tonnes with a high average copper grade of 7 per cent.

Corporation Falconbridge Copper, controlled by the Canadian Falconbridge nickel major, halted development work on Ansil in the spring of 1982 because of low copper prices and the unpromising outlook for the metal market.

However, the company has announced this week that it has decided to resume work on the underground proposition thanks to a grant of C\$25m (£14m) from the Quebec Government.

Provided Ansil is brought to production before end-1991 the company will repay the difference between the C\$25m grant and 20 per cent of the total costs incurred in bringing the property to production.

Thus Corporation Falconbridge Copper will not have wasted the money it has already spent on Ansil and if the new mine costs, say, C\$60m to get to production the net cost to the company will be C\$45m. The only snag is that the grant will have to be repaid in full if Ansil is not brought on stream by end-1991.

This is a very reasonable condition because it should be possible to get Ansil to production before 1988. By then copper prices should be better than they are now, unless another severe economic downturn comes along, and with its high copper grade the mine would probably be a paying proposition at current prices.

The other potential mine is a very different proposition. For a start, it is far bigger; also it will be an open-pit operation and in the first three years it will be a gold mine in the strict sense of the word.

per cent, being Australia's Broken Hill Proprietary and Amoco Minerals of the U.S. part of the Standard Oil of Indiana group.

It will cost something of the order of A\$1.6bn (£1.04bn) to be brought to production and it contains over 410m tonnes of ore. Ok Tedi has been described as a virtual ozone of copper ore sheathed by a cap of gold.

The mining of the gold has now started—the plant was officially opened this week—and something in the region of 20 tonnes of gold will be produced in the first year.

The second phase of operations, which has been delayed as a result of a landslide in this jungle area, is now expected to start in mid to late-1987 and will involve the mining of gold and copper ore. The final phase of mining only copper ore will run from about 1989 until the early years of the next century. It is a bold project, to say the least.

Another company which will still be mining in the next century is Anglo American Coal Corporation (Amco) which runs a string of collieries in South Africa. Amco is thus very much of a long-term growth stock and, indeed, earnings climbed steadily from its formation in 1975 until last year.

Amco then came up against the world over-supply of coal and low prices in the highly competitive export market. This week the group has announced that it is to reduce the financial year to March 31 of R109.2m (£61m) which, in the circumstances, do not compare badly with the R113.4m earned in the previous 12 months.

But Amco had the benefit of coal export contracts which were entered into before the market went sour and it also had some good forward exchange contracts. "These will no longer apply in the current year and the group has warned that its profits from coal exports will be significantly lower."

Fortunately there will be further growth in its domestic trade with the commencement of coal supply to two new power stations starting in about next March and September, respectively. At the moment however, the shares seem high enough with a yield of 5 per cent on an, admittedly, well-covered dividend.



# New from Hambros: H.B.L. European Trust

Hambros Bank Unit Trust Managers are established managers of specialist unit trusts. The current H.B.L. range covers four areas — U.K. Smaller Companies, North America, Japan and Far East, and, uniquely, Scandinavia.

We now announce the launch of the H.B.L. European Trust to complement the existing range of specialist funds.

**Why Hambros?** Hambros are eminently well placed to provide the investment expertise essential to the successful management of a European portfolio. Our connections in the financial centres of Europe have been established for over a century and we have ready access to the detailed local information so necessary for successful stock selection. In the case of the H.B.L. Scandinavian Trust, this has helped to achieve an increase in its offer price\* of 32% since its formation in September 1983, against a 16% rise in a weighted index of the Scandinavian markets.

**Why Europe?** It isn't necessary to look far in Western Europe to find evidence of firmly established economic strength and low inflation, reflected in strong currencies. But it is only in the last eighteen months that European stock markets have shown similar performance,

fuelled by increasing investment from overseas. With governments now encouraging liberalisation of their capital markets we believe this trend will continue to gather pace. The undervaluation of some European markets compared with major markets such as Japan and the U.K., and the world movement out of recession now make the prospects for selective investment in these markets very attractive.

**H.B.L. European Trust** The aim of the trust is to achieve long term capital growth from a portfolio of European equities, with an emphasis on smaller companies. The initial portfolio will be heavily weighted into Germany, Switzerland and Holland, countries which currently enjoy the lowest inflation rates in Europe. The balance will be invested very selectively in the other markets where above average growth opportunities are identified. Thereafter, an active management policy, both in stock selection and geographical weighting, will be pursued.

**How to Invest** Please complete the coupon or telephone your order before 31st May 1984. Alternatively, seek the advice of your professional investment adviser. The price of units and the income from them can go down as well as up. \*As at 9th May, 1984

## Hambros Bank Unit Trust Managers Limited

1. The Trust is authorised by the Secretary of State for Trade & Industry. It is a "wider range" Trustee investment under the Trustee Investments Act 1961. 2. The income will be distributed, net of basic rate tax, annually on 31st May, though the Managers will report to unit holders half-yearly. 3. Charges. The Managers are permitted to include in their selling price an initial service charge of 5 per cent, out of which remuneration is payable to qualified intermediaries; rates are available on request. An annual service charge of 1 per cent (plus V.A.T.) of the value of the Fund is deducted from income to meet the expenses of the Trustee and Managers. The Trust Deed permits a maximum charge of 1.5 per cent (plus V.A.T.) annually. 4. You may sell all or part of your unit holding back to the Managers at not less than the bid price, calculated to a formula laid down by the Department of Trade & Industry, ruling on receipt of your instructions. You will be sent a cheque in settlement within seven business days of receipt by the Managers of your renounced unit certificate. 5. At the offer price of 50p, the gross estimated starting yield is 2.2%. 6. After the close of this initial offer, on or before 31st May, 1984, units will be available at the offer price and yield quoted daily in the Press. This offer is not available to residents of the Republic of Ireland. 7. Managers: Hambros Bank Unit Trust Managers Limited (member of the Unit Trust Association) 41 Bishopsgate, London EC2P 2AA. Registered in England No 890308 at 21 Bishopsgate, London EC2.

Application for units in H.B.L. European Trust at 50p each (Notes: This offer will close not later than 31st May, 1984) To: Premier Unit Trust Administration, 5 Rayleigh Road, Hutton, Brentwood, Essex CM13 1AA. Telephone orders to Brentwood (0277) 211459 I/We apply for \_\_\_\_\_ units (minimum 2000) and enclose a cheque, payable to Hambros Bank Ltd. for £ \_\_\_\_\_ Please tick box for Re-investment of Net Distributions  TITLE MR/ MRS/MISS FIRST FORENAME OTHER INITIALS SURNAME HOUSE NO. & STREET TOWN COUNTY/POSTAL CODE I/We declare that I am/we are over the age of 18. Signature(s) \_\_\_\_\_ Date \_\_\_\_\_ In the case of joint applicants, all must sign. PF/1 Please tick boxes to receive details of: H.B.L. European Trust  H.B.L. Japan and Far East Trust  H.B.L. North America Trust  H.B.L. Smaller Companies Trust

# The Mercury approach to unit trusts:



## systematic planning for long-term performance

As part of a group responsible for over £6,000 million of funds invested around the world, Mercury Fund Managers can draw on extensive experience and skills when making investment decisions. As you might expect, we have developed a number of clear beliefs about the requirements for investment success. We believe, for example, that many investors are far less proficient at analysing the relative strengths and weaknesses of different markets and industrial sectors than at analysing and valuing individual shares. So, while we consider that the choice of individual shares is of crucial importance in the successful management of funds, we make this selection against a background of our own analyses of markets and sectors — undertaken on a worldwide basis by our fund management teams themselves. We believe that this planned but flexible approach provides the basis for our consistent long-term investment

success and we are happy to say that some of the leading institutions in the UK appear to share that belief and have made us responsible for the investment of their funds. If you feel that you could also benefit from this professional approach, you should consider the Mercury range of unit trusts: Mercury American Growth Fund Mercury European Fund Mercury General Fund Mercury Gilt Fund Mercury Income Fund Mercury International Fund Mercury Japan Fund Mercury Recovery Fund Mercury Exempt Fund For full details of these funds, and our other services, contact us at Mercury Fund Managers Ltd., 33 King William Street, London EC4R 9AS (telephone 01-280 2800).

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Handwritten Arabic text: محمد ابراهيم احمد

surplus

YOUR SAVINGS AND INVESTMENTS-2

The mystery in the metals markets

IT COULD be called the great metals markets mystery. Why have prices slumped during the past month just when everything suggested the markets should be moving higher and higher?

Consumer demand for metals is strong. For the first time for several years there are signs of an increase in capital spending and investment in new plant and machinery, which generate the real demand for many metals. This improvement comes on top of the boom in demand for consumer durable goods that helped rish some metal prices up sharply last year.

Responding to the surge in demand this year, surplus stocks of most metals have declined sharply and in some cases dramatically. Copper stocks, for example, in the London Metal Exchange warehouses have fallen in the past five months from a five-year peak of nearly 436,000 tonnes to just over 252,000 tonnes.

There have been similar warehouse stocks declines for lead down from 218,000 tonnes last October to 92,575 tonnes last week and zinc down from over 100,000 tonnes in November to just over 44,000 tonnes. Aluminium stocks held in the London Metal Exchange warehouses have also plummeted from a peak of 278,000 tonnes last June to the present level of 135,000 tonnes.

Estimates of total stocks held are difficult to come by, but it

is generally agreed that the surplus supplies that have depressed market prices over the past few years are disappearing fast in the face of rising demand and reduced production.

In other words the scenario appeared to be set for a further upsurge, possibly an explosion, in prices, especially in London being in mind the decline in the value of sterling, which normally would have sent London prices soaring for dollar commodities, such as metals.

Suddenly, however, everything started to go wrong. Instead of prices continuing to move up as expected, the markets took a sharp downturn for no apparent reason. Producers and merchants claim that the decline is only a temporary phenomenon, resulting from technical market influences. They say that selling by speculators, particularly the very big commodity investment funds in the U.S., are primarily responsible for the sudden fall in prices. These days the weight of speculative funds in the futures markets is so great that on many occasions they completely dominate short-term price movements.

In the case of copper, for example, the start of the decline in prices is said to have been triggered off by massive selling by a big commodity investment fund following a mistake by the computer responsible for displaying price changes on the New York copper futures mar-

ket (Comex). Many commodity funds base their buying and selling decisions purely on chart price movements and when the computer put up a wrong (much lower) price this unleashed a huge stop-loss selling order from one of the bigger funds. This in turn uncovered further stop-loss selling points, accelerating the decline.

Significantly, however, the market failed to recover once the computer mistake was realised. Instead, prices continued to decline, although the

zinc. Similarly the boom in speciality (or strategic) metals during the first quarter of the year has lost momentum, with some metals shedding much of the earlier gains.

Some of the declines can be explained by fundamental developments. Mr Charles Parry, chairman of Alcoa, admitted that aluminium producers had been over-hasty in re-activating laid up productive capacity in anticipation of demand rising faster than had actually trans-

domestic production with imported supplies.

On a more general front the rise in U.S. interest rates, and the expectation of further increases, have undoubtedly been major influences in changing sentiment on the metal markets from "bullish" to "bearish," according to Christopher Stobart of Communities Research Unit.

Higher interest rates raise the cost of holding stocks, so consumers are encouraged to reduce their inventories.

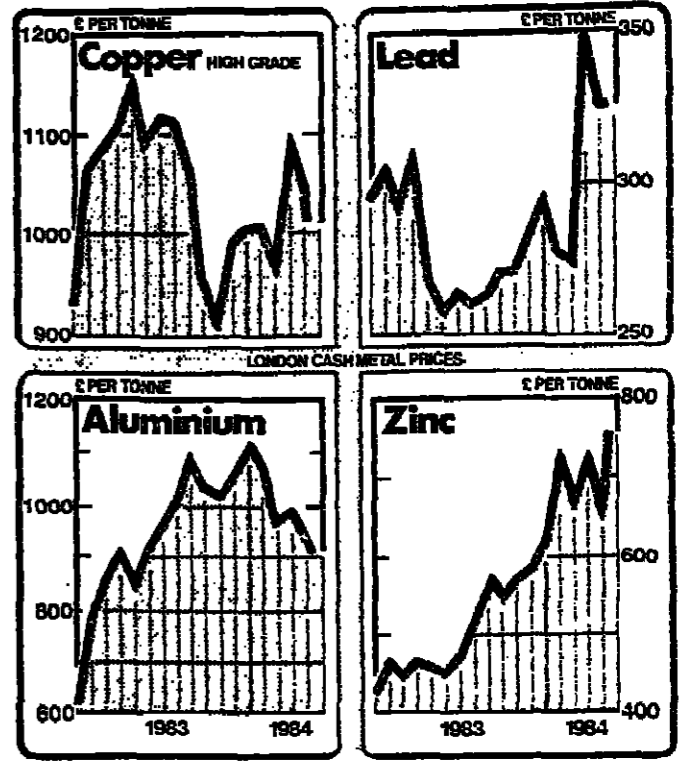
shortage of supplies developing. At the same time falling prices tempt buyers to delay purchasing as long as possible in hopes of still lower prices and also makes manufacturers of finished products reluctant to order too far in advance. It makes sense to delay ordering if the price of the raw material appears to be coming down.

Pierre Gousseland, chairman of Amax, the big U.S. metals producer, claimed in London last week that the signs were hopeful for metals.

Mr Gousseland said there was an inevitable time-lag between companies starting to reduce moth-balled capacity and actually putting capital investment into new plant and machinery. Now that confidence had returned, he said the beginning of an improvement in capital spending was beginning to emerge and underlying consumer demand for metals was strong.

Many London metal merchants agree, although they are dubious about the long-term growth prospects for many metals, especially copper which is under pressure from other materials such as fibre optics. Technological improvements have already reduced the volume of metals used in many products and this trend is likely to continue. Metal producers in recent years have been forced to scale down their projected annual growth rates in demand drastically, but they have been hoping for the recovery in the economies of the industrialised world at least to bring considerably higher prices after several years in the doldrums.

The recent dismal performance of the markets suggests



their hopes may be dashed. While prices may recover again in the autumn, the rise may be short-lived. Many analysts believe that the economic cycle will turn down again quicker than expected next year, reducing demand for metals in the industrialised world as well as developing countries. The strike by metal workers in West Germany is another depressing influence. Nevertheless there is no real explanation why metal prices should have fallen so sharply at this stage. It may convey an ominous message for producers that the recovery in demand for metals is ending almost before it began. On the other hand the failure of metal markets to explode after a long period of depression, as has happened in the past, may suggest a new era of stability related to lower inflation and the reduced growth rate in demand. It is even possible that speculators may be helping to smooth out longer-term price fluctuations by anticipating and reacting earlier than industry—to future trends.

John Edwards argues that the recent price rises may be short-lived

bulk of the selling has been coming from speculative rather than trade sources. Other metal markets have suffered similar price declines, too, without the help of computer error. The previous rise in lead earlier in the year has been wiped out, in spite of the decline in stocks and a series of strikes in North America and Australia severely disrupting supplies.

Aluminium prices earlier this week dropped to the lowest level for over a year, again regarding a continued reduction in stocks. Zinc values have lost ground too although there is still a severe shortage of immediately available supplies, especially of special high grade

spired. In copper, China has not bought the same kind of big tonnage (estimated around 450,000 tonnes) as it did last year, although the Japanese have been stepping up their purchases to make up for a shortfall in domestic output.

Interestingly the Japanese have reduced domestic smelter production of energy-consuming materials like aluminium and copper, preferring to rely on imports, and this trend has been encouraged in the case of copper by a worldwide shortage of concentrates — the raw material used by smelters. The Japanese have refused to pay the higher prices for concentrates preferring to replace

especially when the low rate of inflation means that the cost of the finished product is stable. Speculators too are disinclined to brave the high risk of putting their money into raw materials when they can achieve a reasonable, much safer, return from simply putting their money on deposit.

Mr Stobart also points out that consumer de-stocking is also encouraged by the fact that there is adequate production capacity available. If necessary, to meet an increase in demand so there is no need to be worried—except in the case of zinc and some of the speciality metals like antimony and tungsten—about a real

INSURANCE BROKERS

Curb on umbrellas

THIS WEEK the ruling authorities of Lloyd's of London moved against the use of "umbrella arrangements" whereby non-Lloyd's insurance brokers can get direct access to the Lloyd's market.

These arrangements enable a High Street insurance broker to arrange insurance for his private and business clients in the Lloyd's market. But they have been subject to certain irregularities and abuses in recent years, the most notable involving a widespread extended warranty insurance scheme where documents were deliberately falsified.

Lloyd's is stamping on these abuses and an internal working party has recommended that these umbrella arrangements should be curbed in order to prevent such irregularities. Some 34 firms could be denied access to the market's trading floor.

At first sight, this move appears to deny insurance at Lloyd's to the general public. Over one-fifth of UK motorists are insured at Lloyd's, a substantial part being through these umbrella arrangements.

Provincial brokers have been designing a variety of insurance schemes for the individual — extended warranty schemes being one prime example — using Lloyd's syndicates as the underwriters.

But Mr Keith Batchelor of C. T. Bowring and Co (Insurance) who chaired the working party, was emphatic that this would not be so and that the public could still have their insurances with Lloyd's.

The object of the working party was to ensure that there was strict control placed on any broker seeking to arrange insurance at Lloyd's. The Lloyd's broker involved in the umbrella arrangement would have to exercise his responsibility in monitoring the business being placed by this method.

The new moves would not stifle innovation by the provincial non-Lloyd's broker. He could still have his insurance scheme underwritten at Lloyd's. It would not prevent the provincial broker arranging motor insurance for his client at Lloyd's.

Eric Short

MOTOR POLICIES

Discounting ladies

"WOMAN DRIVER" is one of those epithets which self-satisfied males use when they see a particularly silly piece of motoring. But statistically speaking women are "safer" drivers than men in that they have fewer accidents. At last an insurance company, the National Employers Mutual (NEM), is recognising this fact and offering a "lady drivers policy" with lower premiums.

Some insurance companies already offer discounts to women drivers, who generally clock up far fewer miles per year than men and hence lower level of claims. But NEM is the first to offer a specially-designed policy. Since it went on the market last August thousands of policies have been written, bringing in total premiums well into six figures for NEM.

The NEM policy comes at a 7½ per cent discount to its normal rates. For example, a 30-year-

old man driving a group one car and looking for comprehensive cover for social domestic and pleasure use would have to pay a basic premium of £294 in London, or £117.60 after a 60 per cent no-claims discount. A woman in the same circumstances would pay £271.95 basic, or £105.73 after the no-claims discount. The same policy living in Devon would pay £176 basic if they were male, £162.80 if female.

Unlike some other insurance companies, the NEM—which might be called the "gentleman" of the industry—does not stop the "lady driver" from letting a man take the wheel, so long as she has comprehensive cover. The only extra cost arises if a man is driving when an accident happens. Then the policyholder has to pay the first £50. No doubt she hopes the man concerned will do the decent thing.

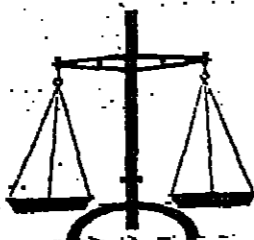
Margaret Urry

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YOUR SAVINGS AND INVESTMENTS—3

# Baillie, Gifford & Co.

## The Scottish Mortgage and Trust PLC

A large investment trust company with a worldwide spread of holdings aiming at growth in both capital value and dividends

Financial Results For year to 31 March		Geographical distribution of investments	
1984	1983	1984	1983
Total assets	£376.5m	£315.1m	
<b>*up 19%</b>			
Asset value	414.4p	331.3p	
<b>*up 25%</b>			
Earnings	6.62p	5.39p	
<b>*up 23%</b>			
Dividend	6.40p	5.80p	
<b>*up 10%</b>			
Equities		%	
United Kingdom		32.2	26.4
United States		23.3	36.0
Japan		20.0	8.9
Other countries		3.8	7.1
Total equities		79.3	78.4
Fixed interest			
Dollar bonds		9.1	11.8
Yen bonds		6.0	6.4
Net current assets		5.6	3.4
Total assets		100.0	100.0
Prior charges		20.6	24.1
Shareholders' assets		79.4	75.9

Copies of the Annual Report and Accounts, including a full list of the Company's investments, may be obtained by completing the adjoining coupon and sending it to Baillie, Gifford & Co., 3 Glenfinlas Street, Edinburgh EH3 6YY

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Please send me a copy of the 1984 Annual Report for The Scottish Mortgage and Trust PLC.

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## Landlord's duty

I am paying the 15 per cent surcharge on investment income arising from letting houses. As these are let to the U.S. government, I cut the lawns, keep borders tidy, sweep paths, and I am responsible for all repairs inside and out. This includes boilers and plumbing which are often dealt with out of working hours, blocked drains, rent reviews, inspection at start and close of tenancy. With one group of five houses I have installed at the request of the U.S. government security lighting for the communal areas which I maintain (apart from current costs). I hold duplicate sets of keys for emergencies. Do you feel that in view of these reasons I should not pay the investment surcharge? This is of considerable interest to me as I have accounts for £2/83 and £3/84 still to be agreed.

The amount of work you have done is unfortunately irrelevant to the question of whether the resulting income is regarded as earned. The definition of earned income in the Taxes Act is quite arbitrary, and your schedule A income falls outside the line drawn by Parliament, we are sorry to say.

## FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

cent is sufficient to warrant it you might instruct a solicitor to set up a scheme to suit your requirements.

### A travelling man

I have retired early with a pension, sold my house and taken to full-time living and travelling in a motor caravan mostly in Europe.

My pension is paid direct into my UK current account but Eurocheques give me easy access to it when I am abroad.

Am I right in thinking that the re-introduction of exchange controls would put paid to this arrangement?

If so, I would like to transfer a capital sum abroad now in order to fund my travels for several more years should exchange controls ever return.

I suspect that the Channel Islands would not be far enough away for this purpose. Would Switzerland be a safer bet?

### Sidestepping stamp duty

Is it possible to reduce stamp duty on house purchase by buying the land and the house as two separate transactions? This is what happens if one buys the land and the house built on it. What is the difference?

No: each of the two transactions would be part of a series of transactions, so that a certificate for value could not be given. There are other ways to try to avoid the impact of stamp duty. If the amount of duty at the new rate of 1 per

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## UNIT TRUSTS

### If control moves

THE WORLD of unit-linked insurance has been seeing upheavals of late. In the past two weeks, two of the companies prominent in the field—Cannon Assurance and Target Life—have undergone changes of ownership.

Cannon has been sold by the Cascade Group—a finance and property group based in Calgary, Alberta—to U.S. financial services company Lincoln National Corporation of Fort Wayne, Indiana. Target Life has been sold by Jacob Rothschild's fast-growing Charterhouse J. Rothschild Group to a London investment consortium headed by merchant bank Morgan Grenfell.

Those holding policies with either company might be forgiven for feeling a little like ping-pong balls. In the other hand, they are policyholders of long standing, the feeling will be strangely familiar.

Cannon, in particular, has a colourful history of ownership. It was once the UK arm of Bernie Cornfeld's IOS empire, and in 1972 was bought from the liquidators of that ill-fated enterprise by Keyser Ullmann and its then chairman, Tony MP Edward du Cann. Under KP's ownership, it underwent prolonged litigation by the IOS liquidators and a Stock Exchange inquiry into dealings in Lornho loan stock, and was sold to Cascade in 1979 for £9.6m. Last week it went to Lincoln National for a sum still undisclosed, but understood to be at least £40m.

Target's history, though active enough, is a touch more sedate. Formed independently in 1962, it was acquired in 1972 by merchant bank Dawson Day, and changed hands again when Dawson Day was itself acquired by Jacob Rothschild in 1980. Charterhouse J. Rothschild is now disposing of it as a result of its merger with a larger and competing insurer, Hambro Life.

### Sharing the winnings

Several years ago my wife, two adult children and self each contributed £250 to cover the purchase of a running sequence of Premium Bonds (totaling £1,000, to be registered in another's name and on the full understanding that all winnings would be shared out by my wife in four equal portions.

So far the winnings have been few and small. But what would the CTT position be in the hoped-for event of my wife receiving a large winning? Would the winning be looked on as income for that particular tax purpose, and so not be subject to any sharing-out restriction?

Neither income tax nor capital transfer tax would be payable, but it is desirable to record the sharing arrangement in writing before the hoped-for win occurs.

But will investment management for these two companies remain unchanged? In Cannon's case, apparently so. At present, 1st investment in UK gilts, equities, cash or property is managed in-house, and in-house, and investment in overseas markets and currencies is farmed out externally. This system was left unchanged by Cascade when it took charge in 1979, and the new owners, according to Cannon managing director Dale Sumner, are expected to follow suit.

In Target's case, things are less clear-cut. John Hodson, Target's head of investment, will remain in charge, keeping with him what is regarded as the core of his investment team. But Morgan Grenfell—Target's biggest single shareholder under the new dispensation—will act as general advisers on investment strategy to the Hodson team. In addition, Morgan will manage directly Target's investments in the U.S. and the Far East (which were previously handled elsewhere in the Jacob Rothschild empire). In return for all this, Morgan will receive fees from Target of around £500,000 per year.

Plainly, it is important to ensure a smooth transition between owners. It does not necessarily follow, though, that a change of investment management is a bad thing. Under Dawson Day, Target was a rather lacklustre performer in terms of growth and investment return. For its first year under the Rothschild regime, the old investment management was retained. Then, however, it was swept away, and a new team brought in. Since then, Target has shown some of the most spectacular growth in the industry, and several of its funds have been among the top performers.

The moral of all this, perhaps, is that those who choose the index-linked form of insurance might as well resign themselves to change. Their investment return will in any case be more of a switchback than that guaranteed by a conventional life company. As for changes in ownership or investment management, they could be good news or bad—all part of the switchback, in either case. Those averse to that kind of excitement should go for something more solid—one of the Scottish mutual companies, perhaps. Then, at least, there would be very little chance indeed of control passing to Calgary or Fort Wayne, Indiana.

# Govett Pacific Income Fund

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envisaged that some investments will be made at an early stage in Singapore, Malaysia, Australia and Hong Kong.

**How to invest**

The initial offer price is 50p. To invest, simply complete the Application Form below and return it to John Govett Unit Management Limited. Minimum initial investment is £500. You will be sent a contract note within 3 days and your unit certificate within 6 weeks.

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\*As at 14th May, 1984.

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This advertisement does not constitute an invitation to subscribe to the fund; subscription may be made only on the basis of the Memorandum describing the fund.

NOTE: Before deciding to proceed with subscription to the Fund, you are advised to seek advice from your accountant, solicitor, bank manager or other professional adviser. Practising accountants may participate in the Fund without contravening their professional ethics.

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The Fund is authorised by the Department of Trade and Industry. Managers: John Govett Unit Management Limited (A member of the Unit Trust Association)

Investment Advisers: John Govett & Co. Limited

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Share Exchange: Telephone for full details of how to exchange existing shares for units on favourable terms or tick the box in the application form opposite. Prices and yields bid and offer prices, and the gross yield, will be quoted daily and published daily in the Financial Times and Daily Telegraph. Charges and commissions: The offer price includes an initial charge of 5% and, after the initial offer period, may also include a rounding adjustment. The Managers will pay commission to authorised agents; rates are available on request. An annual management charge of 1% of the value of the Fund (plus VAT) is deducted from capital.

Income distribution: Income net of basic rate tax will be distributed on 29th February and 31st August every year, with a report on the progress of the Fund. The first distribution will be on 29th February 1985. If you would prefer to have your net income automatically reinvested in units of the Fund, please tick the box on the Application Form.

Selling units: To sell back your units, you may telephone the Managers or sign your Unit Certificate on the back and return it to them. You will receive a cheque for the proceeds, normally within 10 working days of receipt of your certificate.

Traded Options: The Trust Deed permits dealing in traded options within the limits allowed by the Department of Trade and Industry.

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YOUR SAVINGS AND INVESTMENTS=4

Philip Stephens looks at the prospects for Government stocks

A mixed forecast for gilts

GILTS CAN be as fickle as the weather. As the skies clouded over after April's hot spell...

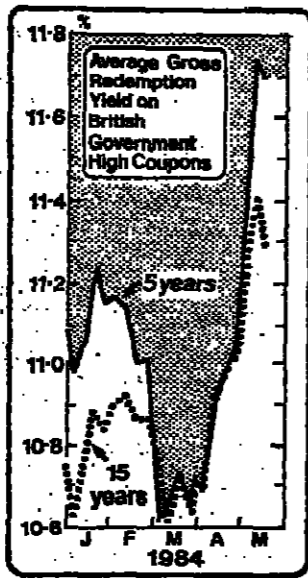
For investors the change has brought heavy capital losses...

Since the euphoric aftermath of the March Budget prices for long-dated stock have dropped...

Yields, which had seemed firmly stuck in the 10 to 10.5 per cent range...

Like most other things in financial markets nowadays, the cause of the fall lies mainly on the other side of the Atlantic...

Higher base lending rates here and fears that any further tightening of U.S. credit could push them still higher quickly...



Mr Keith Jones, chief economist at James Capel, is not quite so pessimistic, arguing that the market is already discounting a new credit squeeze...

The domestic background for a revival in gilts has also worsened over the past two months. The strong pace of credit demand, fears that the money supply is expanding rapidly and an unexpectedly high level of government...

borrowing last month all point to a cautious approach from the big institutional buyers.

Fears that recent rises in factory gate prices and a slight rise in the level of pay deals may herald an upturn in inflation are also likely to dampen enthusiasm.

The news, though, is not all bad.

While the institutions have been holding back from buying they have been amassing huge cash balances, due to be boosted further next week by around £800m in dividend payments.

Many brokers believe that sooner or later most of this cash will find its way into gilts and if the U.S. bond market can avoid further heavy losses, at least a minor rally in gilts could come as early as next week.

Some analysts also believe that the money supply outlook will improve later this year and this, coupled with a lower level of new gilt issues and a good institutional cash flow position may push the market higher in the autumn.

On that argument the next few weeks might be the right time to buy into the market and lock into the present high yields. But for the moment even the optimists are predicting only sunny spells rather than anything like a heatwave.

HENDERSON/BANK OF SCOTLAND

In search of more new markets

ONE SIGN of the changes now sweeping through the world of financial services is the way different groups are combining to refine the goods they put on show for the private investor.

The latest example is the link-up announced this week between Henderson Unit Trust Management and the Bank of Scotland to offer a money market high interest cheque account.

For the Bank of Scotland it is a move into familiar territory. It was the first of the UK clearing banks to open such accounts for its own customers and has since extended the services through links with the Alliance Building Society and the Nottingham Building Society.

The aim for the bank is win new customers and new deposits without building a big branch network outside Scotland. It is smaller not only than the big four clearers but also than its Scottish rival the Royal Bank of Scotland (which also owns...

Williams and Glyn's, and will merge its Scottish and English businesses late next year).

The innovative link with Henderson fits into the strategy. Customers introduced through...

Stephen Wagstyl reports on a new partnership

Henderson will have their accounts operated on exactly the same terms as the bank's existing money market account clients.

At the launch, Mr John Robertson, assistant general manager of the bank, said: "This partnership will help to spread both Henderson's and Bank of Scotland's influence throughout the UK."

For Henderson, the great attraction of the venture is that it encourages customers to keep their money within the group's orbit when they go liquid pending an opportunity to go back into the market lower down, or...

to switch into another fund. It reduces the possibility of a client changing to another investment house on the way.

Henderson must have sensed that it was rather late on the money market scene. The first major account was launched as long ago as 1981 by Tyndall but there was a real explosion after January last year when Save and Prosper and Robert Fleming marketed their chequebook account followed closely by six other funds.

The link with the Bank of Scotland offers Henderson a relatively quick way into this part of the market—it would have been more difficult and more costly for the group to set up its own cheque account.

The launch of the account coincides neatly with a period of growing uncertainty in the equity markets, both in the UK and abroad, and with a hardening of interest rates.

Both partners were coy at the launch about how much money the new account might attract from Henderson's 135,000...

clients. Certainly it will be beyond the reach of many since the minimum balance needed for an account is £2,500.

The interest rate offered compares favourably with similar accounts from other operators. It is adjusted daily depending on the current rate in the money market and late this week it was set at an effective annual rate of 9 per cent, paid gross, although all these bank accounts may be affected by legislation next year forcing them to deduct tax at source.

Customers receive a chequebook which can be used for payments above £250 with up to nine transactions every quarter free of charge. No notice is required for withdrawals and any interest already earned is not forfeited. Clients holding Bank of Scotland Visa cards can make smaller payments from the account to settle their monthly bills.

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ASIAN MARKETS

Tokyo crashes—and crashes

THE PAST week on the Tokyo stock market brought with it a rapid essay in de ja vu. "Second-largest stock market crash in history" read Tuesday's newspaper headlines, acknowledging Monday's 270.58 point crash in the Nikkei-Dow Jones 25-share average. This penultimate episode lasted just 72 hours, until the Nikkei Dow lurched a further 279.34 points lower on Thursday. "Second-largest stock market crash in history," read Friday's newspaper headlines.

The week ended on a milder note. Friday saw a mere 213.63 points drop, leaving the Nikkei Dow to close the week at 10,126.88, down 706.99 on the week, and 10 per cent lower than the all-time high of 11,100.71 achieved on May 4, the peak of a 30-month bull-market.

To say Wall Street sneezed and Tokyo caught the cold is at best half an explanation. Monday's sharp fall was widely reckoned to be a continuation of the previous week's unsettled...

mood abroad, with the U.S. contemplating balefully its interest rates, Britain its refractory miners. Over the weekend, the "sell" orders piled up in Tokyo all but a small fraction of the market's 270.58 drop came in the morning, to be followed by a relatively uneventful afternoon.

ROBERT COTTRELL on a bad week in Japan

Monday also saw the dollar rise back to trade at more than Yen 231/\$—a 10-week high reached in defiance of the prevailing wisdom of the past six months that the dollar should now be steadily weakening towards a natural rate of around Yen 215 or Yen 210/\$.

On Friday, the dollar firmed still further, rising in Tokyo to close at Yen 233.59/\$ after hitting Yen 234.2/\$, a three-month high, in the afternoon.

After two relatively tranquil days, Thursday's second-second-largest-ever stock market drop had a peculiarly Japanese background. Wednesday's attack on a tanker in the Gulf evoked one of Japan's great economic fears, that of impeded oil supplies. Japan imports all of its oil, 65 per cent from the Gulf. Even with the country's 120-day stock as a buffer, Japan has more cause than most countries to fear a maritime escalation of the Gulf war.

While the two major declines of the week can be related to immediate circumstances, it is worth noting that foreign investors, whose buying led last year's gains for many Japanese stocks, have been steadily selling the Tokyo market for the last two months. Foreign selling was until last week more than countered by domestic buying, to the extent that the Nikkei Dow Jones average hit its all-time high just two weeks ago. But the most aggressive dom-estic buyers were individuals using margin credit—people likely to be at best short-term holders of stocks, highly vulnerable to tighter credit, or market hiccups. On Monday, margin credit—another collated indicator—hit an all-time high. The Tokyo stock exchange moved yesterday afternoon to try to break a potentially vicious circle of forced-selling by easing investors' margin requirements from 60 to 50 per cent.

Japanese analysts are speaking by and large of "corrections" and "consolidations." A less inhibited foreign fund manager asks simply whether something does not have to give in a big way, when the stock market rises over 60 per cent in 20 months in a low-inflation economy growing at around 4 per cent annually.

Overseas investors as a whole seem to agree, foreign selling last week totalled ¥66.9bn, almost five times the level of the previous week.

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UK CONVERTIBLE STOCK 19/5/84 Table with columns for Name and description, Size (£m), Current price, Terms, Conversion dates, Flat yield, Red yield, Premium/Income, Dividend, Current.

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TRAVEL

Michael Thompson-Noel investigates the Great Barrier Reef Of stringybarks and ginee trees

IT IS A long time since I played cricket, so that it came as a pleasing discovery to learn that I can still construct an innings...

The cricket match was played beneath a flawless azure sky, on lush tropical turf ringed by a through-going jungle...

I kicked runs to either side, careless of their abundance, the fluency of the performance coming finally to a close on a controversial delivery that whistled erratically...

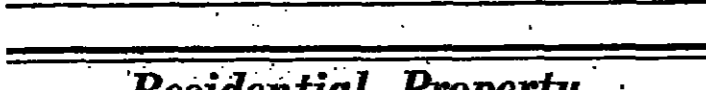
A visit to Dunk, and to its neighbour, Bedarra, is as fine a way as any of soaking up the sun and putting yourself in reach of the Great Barrier Reef...

Within the reef are about 1,000 islands on 23 of which are holiday resorts through which three (Lady Elliott, Heron and Green Islands) are actually on the reef...

There are burping tree frogs, to serenade your sleep, plus an unwelcome pest, the cane toad. There are also several species of snake, mostly harmless tree snakes and pythons...

Dunk is the largest in this group, being big enough to boast permanent fresh water streams. Its emblem is the blue-and-black swallowtailed Ulmyces butterfly...

Pool and beach at Dunk Island



start at A\$84-120. You can fly there from Townsville, or catch a water taxi from the mainland. Dunk's neighbour, Bedarra, is far smaller and much more exclusive...

From Bedarra we crossed to the mainland by water taxi (a hair-raising run, though we were in good hands) and stayed a night at the excellent Mission Beach Resort.

From Mission Beach, next morning, we took a Greyhound ride to Cairns, past miles of waving sugar cane. Cairns is the gateway to Queensland's tropical north...

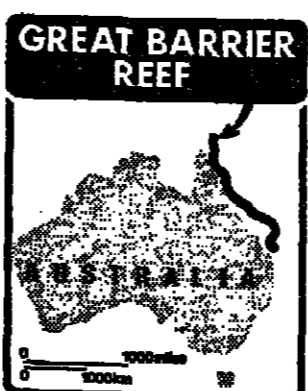
Visit Mareeba if you can, which is tobacco and rodeo country, and Chillagoe, and Hypipamee Crater, and Millstream Falls.

How to play it safe on the

THE APPROACH of the main holiday season somehow always seems to coincide with jitters in the currency markets.

In most circumstances, however, the swings and roundabouts of the currency markets are so minor in tourism terms that the average traveller is better off thinking about peace of mind rather than profits.

For most European travellers the best mix is a few days' supply of basic local currency, a stock of sterling travellers' cheques, a Eurocheque encashment card and credit cards.



GREAT BARRIER REEF

an ancient aboriginal domain, at whose tip Australia runs out. Further information: Contact TAA via your travel agent...

More tours are arranged by Australia Pacific, 214 Edward Street, Brisbane (including a 14-day, six-island tour of the Barrier Reef/Cairns for A\$1,558).

The Queensland Tourist and Travel Corporation at 392, Strand, W.C.2 can help with initial enquiries.

MOTURING

Electric power shocks

BY STUART MARSHALL

THE IDEAL city centre car would be a tiny hatchback, easy to enter and leave, lively though economical, physically undemanding to drive in thick traffic...

It could be refuelled at night when power stations have generating capacity to spare; a black box of electronics would replace a motor-car's transmission and engine management systems...

Or is it? The current (if you'll forgive the pun) issue of that invaluable reference book, "World Cars 1983" published by Herald Books at £21, lists 40 electric cars.

The man who aims to change all this is none other than Sir Clive Sinclair, inventor of the pocket calculator, father of the home computer and pocket TV.

According to Sir Clive, the team has sought radical solutions to problems of design, materials and power which have confounded past electric vehicle programmes.

He founded his own company, Sinclair Vehicles Limited (SVL) in February this year though he began bending his mind to the battery car more than ten years earlier and set up a design team in 1981.

Arthur Sandles



The Enfield 8000 electric car

acid battery is likely to appear at an economic price. So Sir Clive's forthcoming low-cost town runabout exploits existing battery technology instead of fighting against it.

It will be made at Hoover's Merthyr Tydfil factory, where a production line is being established. SVL's managing director, Barrie Willis, speaks of "an extremely competitive price" that will allow the Sinclairmobile (my name—not his) to appeal to commuters, shoppers and the younger generation.

If anyone can get the battery car out of fantasy land and onto the road, it will be Sir Clive, but he must be aware that it will be a daunting task. SVL's security has been tight and no information on the car has leaked, but it must be a sub-mini sized two seater, with a plastic body, tiny wheels and low rolling resistance tyres.

That description would have applied to the nearest approach to a viable electric car seen in Britain so far — the Enfield 8000 of 1975. The Electricity Council bought 60 of them, but plans to put it into volume production were stillborn.

I tried an Enfield in the West End of London. It nipped up to 20 mph from a standstill in five seconds, leaving buses standing, but acceleration tailed off sharply after that. It weaved in and out of the traffic most satisfactorily and was claimed to have a maximum speed of 40 mph and a range of up to 55 miles.

I would like to know, would Sir Clive Sinclair, if you would buy one, why? For environmental reasons, for economy, because they are so easy to drive? Would special legal incentives like allowing battery cars to park on single yellow lines help tip the balance? I will publish a selection of views.

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CHESS

LEONARD BARDEN A MEMORABLE Phillips and Drew/GLC international ended at County Hall last week with yet another triumph for world champion Karpov, who has now won 57 tournament first prizes, and a surprising but deserved British success for Murray Chandler in joint second place.

Chess notation: 1 P-Q4 where his favourite Tarrasch (1 P-Q4, P-Q4; 2 P-QB4, P-K3; 3 N-QB3, P-QB4) cost three important points. Karpov v Chandler in an early round proved the tournament decider, and it showed Karpov's in-depth analysis of key openings.

BRIDGE E. P. C. COTTER IT IS NOT always possible to find a 100 per cent safety-play, but the good declarer should have safety always in mind. Let us study this hand from a rubber:

Chess notation: ♠ A Q J 7 5 ♣ K Q 8 5 ♢ Q 6 ♠ 10 2 ♠ 6 ♠ 4 2 ♠ 7 3 ♠ A J 10 ♠ K 10 9 ♠ 7 5 3 2 ♠ A K Q 9 6 3 4 J 8 7 4 ♠ S K 10 9 8 3 ♠ 6 4 2 ♠ A J 8 4 ♠ 5 ♠ West dealt with both sides vulnerable, and opened the bidding with one club. North doubled, and East raised to two clubs.

POSITION No. 516

Chess board diagram for Position No. 516. White to move. Pieces: White (8 men), Black (9 men). Chess notation: 17 P-N3, B-R4; 18 B-B2, BxP; 19 NxB, P-Q6.

Chess notation: 20 RxN! BxR; 21 R-B1, P-Q7; 22 R-N1, P-QR4; 23 N-Q3, Q-N4; 24 N(N3)-B5, Q-RQ1; 25 BxP, P-R6; 26 B-B3, Q-B4; 27 K-N2, P-KR5?

Chess notation: 28 P-N4, Q-N4; 29 P-R3, R-Q5; 30 Q-N3, P-N3; 31 P-K3, R(5)-Q1; 32 N-K4, P-R5; 33 QxP, Q-K2; 34 P-N5! Among Karpov's less recognised techniques is his mastery of the clock. Just as in the game against Korzhnev given here last week, the final attack is delivered when his opponent is in acute time pressure before the control at move 40.

Chess notation: ♠ 8 5 3 2 ♠ A 10 8 5 ♠ K 9 5 ♠ A 7 ♠ 7 4 ♠ K 10 9 6 ♠ J 9 ♠ K Q 6 2 ♠ Q 10 7 6 ♠ Q 3 ♠ Q J 10 6 4 ♠ 9 5 3 2 ♠ S ♠ A Q J ♠ 7 4 3 ♠ A J 8 4 2 ♠ K 8 ♠ South bid one diamond, North replied with one heart. South rebid two diamonds, and after a diamond raise from his partner said three no trumps.

**BOOKS**

**Wrong turnings**

BY GEORGE MALCOLM THOMSON

**The March of Folly: From Troy to Vietnam**  
by Barbara Tuchman. Michael Joseph £14.95, 447 pages

The particular kind of folly Barbara Tuchman has in mind is that which persuades statesmen that they can, should, must pursue a course of policy which is plainly against their own interests. As a symbol of that recurring phenomenon she has chosen the Wooden Horse which the Trojans insisted on dragging within their walls, thus ensuring the downfall of their city. She then moves on to describe, with her usual command of picturesque detail and vivacity of narrative, three historical examples.

The first is rather different from the other two being an account of the six Renaissance popes, who, by their inordinate greed and immorality, precipitated the Reformation. True, the Reformation was coming anyway as learning spread and thinking became something more than a diversion among scholars. But without the passionate love of display of a pope like Julius II, without the urgent need to raise money for St Peter's by peddling indulgences among the faithful, would Martin Luther have had his revolutionary triumph?

It was, of course, folly of a particularly scandalous kind but it did not have the suicidal, perverse nature which Mrs Tuchman's other two examples possessed.

As one of the popes said to

his nephew, "Now that we have the papacy, let us enjoy it." This, surely, they did in their own, full-blooded way. Nor can it be denied that what they left behind has a certain grandeur. Think of the Sistine Chapel alone. Finally, if it be agreed that they hastened the coming of the Reformation, was that such a bad thing?

Closer to the pattern of Barbara Tuchman's theme is her second example of folly, the war which a British government insisted on fighting with the American colonies. Needless, launched by a wrong-headed king and waged by bone-headed generals—that war ended in a thoroughly deserved humiliation. "It is the kind of war," wrote Horace Walpole to his friend Horace Mann, "in which even victory will ruin us."

It is possible, although unlikely that, if Chatham had not been struck down at the crisis of the struggle, victory might have come. But what did come was defeat—and ruin? Hardly. One outcome—the main outcome—of the "horrid tragedy" which began at Lexington in 1775 is the creation of the greatest economic and military power on earth—a power which is the friend of Britain. If that is the price of George III's folly and the feebleness of his ministers, all one can say is that a little more folly in the world would not come amiss.

It was not, of course, the object the war-mongers had in mind. But, as Bernhard von Bulow told the German Reichstag one day in 1898: "One knows where a war begins but

all the anti-semitic exactions—the pogroms, the Pale of Settlement, the *numerus clausus* in the universities—which had marked the preceding centuries of Tsarist rule. In the Soviet Union today, racial discrimination continues, although in a different guise (witness the notorious *pyaty punkt*, or fifth entry, in a Soviet internal passport, which obliges Jews to declare their nationality as "Jewish"). It is not, of course, called anti-semitism. The new



"Farmer" George III on his way to Windsor while his American colonies declare their independence. This drawing of Gillray's is reproduced in 'The Oxford Illustrated History of Britain', edited by Kenneth O. Morgan, in which a distinguished team of historians trace the story of these islands from Roman times to the present day. The volume is published on Thursday at £15.00 by the Oxford University Press

one can never know where it ends." Just for once, the end was less gloomy than could be expected.

Which brings us to the third of Mrs Tuchman's examples: the one on which she spends most time and about which she probably feels most deeply—the American war in Vietnam.

It began in a mood of idealism and high confidence with Kennedy sending in a few hundred "advisers"; it ended 20 years later with half a million Americans in the field, and in an atmosphere of deep gloom. The United States, conqueror of Nazi Germany and Japan, had been defeated by an army of "ragged gooks."

The war began after the Bay of Pigs fiasco in Cuba and the French defeat at Dien Bien Phu—Kennedy must demonstrate that where the French had failed the Americans would—of course!—succeed. Besides, it was necessary to rescue the people of Vietnam from the horrors of Communist rule. Only after many years, after endless false hopes of

victory, did the American people reluctantly admit that the world's greatest power was on a loser.

It was then that the most painful period of the war began: the struggle to make a peace without too much loss of face, without dishonour. It was no easy task. The initial blunder having been made, "protective stupidity" was always at work to prevent it being righted. And so the crusade turned into a nightmare. But it was a crusade, a mission, a matter of high ideals and of illusions which were shared by millions of decent people outside the United States. The trouble was that, on the other side were men for whom, in their more ruthless way, it was also a mission.

Barbara Tuchman's pained account of this long and sad episode in America's coming of age as a great power is as fair as it could be, given her strong feelings on the subject. At times she seems to argue that a war, however righteous, should not be persisted in if it is

plainly unwinnable. But this is a proposition which, on reflection, she would probably discard.

What is more certain is that a war should not be embarked on if the people are not prepared to see it through to the end. This, inevitably, involves some guesswork by the policy-makers. The men at the top have to guess right. It is the least we can ask of them.

In the end, Mrs Tuchman asks, and fails to answer, this question: how can a nation best protect itself from the collective stupidity of its rulers? The best she can offer is that we should look for character rather than intellect. Like the Lilliputians who, according to Gulliver, thought that Providence never intended to make the management of public affairs a mystery, to be comprehended only by a few persons of sublime genius." But alas, the excitement of power, the certainty of being right, are as liable to infect the dull as the brilliant.

**Amis now**

BY ANTONY THORNCROFT

**Stanley and the Women**  
by Kingsley Amis. Hutchinson, £8.95, 256 pages

Kingsley Amis's new novel follows a lengthy four year silence and finds him in acerbic mood, defending an exposed position. His hero, Stanley, advertising director of a national daily with an impossibly cavalier attitude towards an exacting job, is awash with women: a devoted second wife; a devilish first wife; an accommodating ex-mistress. He soon gets embroiled with another—the psychiatric doctor who has charge of his 19-year-old son, Steve, who has suddenly gone mad.

But what seems to be a novel about the progress of Steve's madness, a novel in which Amis reveals a credible knowledge of current medical theories about mental illness, suddenly spreads its net wider to suggest that half the human race is mad, the female half. That, at least, becomes Stanley's view, and it may not be a few yards away from that of Kingsley Amis. The suddenness with which Stanley arrives at his decision may cause the reader to question his sanity

but it gives a lift to a flagging story line. With most of the characters' sanity in doubt there is no need for a rational resolution of Steve's condition.

There could well be more excitement generated about Stanley and the Women as a stage in Amis's move rightwards than there is in its pages. As well as the jaundiced view of women, the hero is unfashionably candid in his prejudices about blacks, Jews, society in general and the treatment of madness in particular; other men, lots to drink, and fast cars are the only consolations in life and, rarely recently can masculine virtues have been so celebrated. This is not a nice book, nor a happy one. Apart from the odd sardonic comment and well fang dart of wit it is not a funny one, but it just manages to seem important.

Stanley's direct approach to life is sympathetic; he alone shows a simple desire to be of help to Steve while the reactions of others are governed by selfish considerations. In the novel, Nowell, Amis has created a character of distinctive but credible nastiness. His concern to get his precise meaning across does not lead to easy reading, but gives a depth to his descriptions, and his insight



Kingsley Amis: acerbic mood

into some contemporary types, notably snobs, doctors, and editors, is enough in itself to retain him among the front rank of contemporary novelists. Stanley and the Women gives the impression of having been written in bile, which has no helped its plot or its pace, but does leave a lingering experience with the reader. With Amis in this combative mood his causes may not yet be lost.

**Star shines in snow**

BY FITZROY MACLEAN

**The Princess of Siberia**  
by Christine Sutherland. Methuen, £8.95, 340 pages

After the Napoleonic wars the vaguely liberal ideas that had seeped into Russia from the West found fertile ground among some of the younger nobles and serving officers. The result was the Decembrist Conspiracy. On December 14 1825 a number of troops in the Senate Square in St Petersburg, egged on by their officers, set up a cheer for *Konstitutsiya* (a constitution), many in the belief that they were cheering the wife of the Grand Duke Constantine.

When they refused to disperse, the new Emperor, Nicholas I, who was anything but a liberal, had them mown down by cannon fire and a cavalry charge. He then had the ring-leaders of the conspiracy rounded up by his secret police. Those who were not hanged were sent to Siberia as convicts, among them Major-General Prince Sergei Volkonsky, who, on being brought before the Tsar, had defied him to his face.

Russia has never been short of remarkable women (a fact insufficiently recognised by her present rulers). Prince Sergei's lovely young wife Maria was the daughter of the famous General Nikolai Raevsky, a hero of the war against Napoleon—the Sword of Russia his soldiers called him. Gently nurtured, well connected and having, above all, inherited from her father the stubborn courage which had helped defeat Napoleon, Maria now announced that she intended to join her husband in Siberia. What a wildly improbable venture, this was, became apparent from Christine Sutherland's skilfully drawn and well documented picture of the Volkonskys' position in society, of the lavish life they led and of the conditions prevailing in Russia at the time.

But nothing, not even Nicholas I, could stop Maria. At a farewell concert Pushkin, an admirer, held her hand throughout the evening and promised to write her a poem; at the last moment her sister-in-law thoughtfully added a piano to her luggage; and a few hours later, on the eve of her twenty-first birthday, she was on her



Maria: love in a cold climate

way to Siberia in midwinter in a sledge.

Travelling at high speed across the frozen snow, Maria's troika covered the four thousand miles to Irkutsk in 22 days. "Bern and Ekaterinburg," we are told, "passed unnoticed. She sped past Omsk and Tomsk." At Tobolsk, she was entertained in the style to which she was accustomed by Prince Gorshakov, the Governor of Western Siberia, an old friend of her father's. It was not till she reached Irkutsk and encountered the Governor of Eastern Siberia, a disagreeable German, that she came face to face with the facts of her situation.

The document he gave her to sign as a condition of allowing her to proceed, any further, declared her to be the wife of a criminal, deprived her of all her rights, including the right to employ servants or ever again to leave Siberia, declared that any children she might have there would, as serfs, automatically become state property, and obliged her to surrender all her money and valuables. Signing it without bothering to read it, Maria set out on the last leg of her journey.

The mine near Nerchinsk, in which Sergei was working, lay another ten days beyond Irkutsk. On arriving there, she found him half starved, in the dark, in chains, in verminous rags. "To the bewilderment of the guards," she wrote, "I knelt on the filthy floor and kissed his chains."

Maria and Sergei were to spend the best part of 30 years in Siberia before being finally amnestied. During the whole of this time her entire effort was directed, in the best Russian tradition, to beating the system. The story of just how successful she was, how she bewildered, not only the guards, but everyone else, including her husband, is the best part of this fascinating

book. (The author has made excellent use here of unpublished diaries and other family papers.)

Before leaving Siberia, Maria gave birth to a son and daughter. (The latter, very probably by her husband's best friend and fellow-prisoner). In the end, though still officially the wife of a criminal, she established herself in a firm mansion (now a museum) with 25 servants and two carriages, where she entertained everyone worth entertaining, including the Governor; built a magnificent theatre and concert hall, made friends with the local Mongols; engaged in innumerable good works and in general achieved a personal ascendancy in that bleak province which abundantly justifies the author's choice of title.

All this exhausted Prince Sergei who, for his part, took to agriculture, spending most of his time hobnobbing with the local peasantry.

**TV tale**

**The Renewable Virgin**  
by Barbara Paul. Collins, £8.95, 315 pages

Three women take turns telling this murder story: Kelly Ingram, a promising young TV actress who may have doubts about syntax but is otherwise enchantingly self-assured; Marian Larch, an unglamorous, sensible, and totally likeable New York police officer; and the historian Fiona Benedict, mother of the first victim. Their narratives are skilfully emmeshed, characters emerge clearly, along with an amusing television-world setting. This is only Barbara Paul's third novel, but with its predecessors, it demonstrates that we have an author of talent and wit.

WILLIAM WEAVER

**Staying put in the Soviet Union**

BY ERIK DE MAUNY

**The Jews of Hope: The Plight of Soviet Jewry Today**  
by Martin Gilbert. Macmillan, £8.95, 237 pages

"Refusenik" is an ugly word (from the Russian *otkaznik*) which covers an equally ugly reality. It has come to be applied to all those Soviet Jews who have sought permission to emigrate, but who have regu-

larly had their requests for exit visas turned down by the Soviet authorities on one pretext or another. They are thus, in effect, held prisoners by the Soviet State.

It is one of the ironies of history that many Russian Jews were prominent among the Bolsheviks and other revolutionary factions which prepared the way for the great upheaval of October 1917, in the hope that this would abolish at one stroke

all the anti-semitic exactions—the pogroms, the Pale of Settlement, the *numerus clausus* in the universities—which had marked the preceding centuries of Tsarist rule. In the Soviet Union today, racial discrimination continues, although in a different guise (witness the notorious *pyaty punkt*, or fifth entry, in a Soviet internal passport, which obliges Jews to declare their nationality as "Jewish"). It is not, of course, called anti-semitism. The new

label is "anti-Zionism." But even a casual glance at certain caricatures and articles which regularly appear in the Soviet Press quickly shows that the distinction between the two is so faint as to be non-existent. Nor are fully assimilated Jews always exempt from humiliation and petty harassment in their places of work.

Last year, Martin Gilbert visited the Soviet Union and managed to arrange meetings

with a number of veteran refuseniks, including Evgeni and Nehama Lein in Leningrad, Yuly and Inna Kosharovsky in Moscow, and the indomitable, never-dejected Colonel Lev Ovsyshcher in Minsk. Most of them have been waiting for 10 years or more for exit visas; their persistence has often led to periods in prison camp or remote exile. As I can testify, a foreigner does not make such contacts without certain risks and hazards. Mr Gilbert came through the experience unscathed, but at the airport on his way home, many photographs and documents were taken from him.

The *Jews of Hope* shows evidence of having been written in considerable haste, but it does provide a useful illustration of certain recurring themes. One of these is the baffling inconsistency in the official Kremlin line on Soviet Jewry. During the decade of the 1970s, several hundred thousand Soviet Jews were allowed to emigrate. Now, the gates have been drawn almost shut once more; emigration has dwindled to a mere trickle. Although Soviet support for various Arab regimes is clearly a factor, in general the Soviet attitude towards Jewish emigration seems to be dictated more by tyrannical caprice than by considered policy.

Reasons of "secrecy" are often invoked for the refusal of visas; but the criteria used seem entirely arbitrary. Why should one Jewish scientist be allowed to depart and another detained? Moreover, even within individual families, why should mother and daughter be given exit visas, and father and son held back, thereby adding one further cause of anguish to the family's plight?

Mr Gilbert does not provide answers to these questions—but nor has anyone else, including the Soviet authorities. They are, however, significant to such documents as the Universal Declaration of Human Rights and the Helsinki Agreements, all of which guarantee freedom of movement across national frontiers.

The American media contends that the fault lay with Mr Carter and those around him, outsiders who never sought to understand how Washington works. Carterites counter that it was the media's congenital inability to understand new phenomena, in this case a smart Southern president, that was the root cause of the problem.

Reality is probably somewhere between the two, but Powell contrasts the treatment his boss received with that accorded to Senator Edward Kennedy, the quintessential

**The Other Side of the Story**  
by Jody Powell. Morrow and Co. (105 Madison Avenue, NY 10016) \$15.95, 314 pages

Jody Powell, who was President Carter's press secretary for four turbulent years, has made no attempt to produce a balanced account or defence of the Carter years. Instead he has opted for a scattershot polemic clearly motivated by his conviction that the media had as great a role in the Carter demise as it has had in Reagan's subsequent rise.

The American media contends that the fault lay with Mr Carter and those around him, outsiders who never sought to understand how Washington works. Carterites counter that it was the media's congenital inability to understand new phenomena, in this case a smart Southern president, that was the root cause of the problem.

Reality is probably somewhere between the two, but Powell contrasts the treatment his boss received with that accorded to Senator Edward Kennedy, the quintessential

**Voice of the President**

BY JUREK MARTIN

establishment darling, though he acknowledges that it was a single disastrous TV interview (with Roger Mudd, ironically a Kennedy friend) that more than anything undid the Senator's presidential challenge in 1979-80.

But Powell, it is worth remembering, is a lot more than a mere Carter partisan getting his own back. He is widely considered, even by some of his enemies, to have been the best White House press secretary in the past 20 years, maybe more. He was good at his job not only because of his access to the presidential ear, (he agrees this often helped) but because of his wit and intelligence and the license he was given. He did not merely stonewall, like Nixon's Ziegler, or parrot, like Reagan's Spokes, but sought, within reason, an approach of constructive engagement.

Those of us in Washington not tied down exclusively to a White House beat used to find it useful to drop in on a Powell briefing; the same cannot be said today, nor could it for some years beforehand. In any case, it was obvious that he liked journalists as a group

(these days he is one). Some Press-wounds remain open, however. He is particularly incensed—and justifiably so—over the treatment accorded Amy Carter and Hamilton Jordan. In his view it was symptomatic of a Washington contempt for the Carter crowd so strong that the standard rules of journalism were bent. Yet Powell is frank enough to enumerate his own mistakes, particularly those of over-reaction.

A constant theme is his anger at the media's inability to admit that it does make mistakes. This is admittedly difficult in an age when those who report have become, in effect, at least as important as the subjects they cover. In this respect, he is quite right to identify coverage of Carter's Middle East trip in 1978 as a prime example of media pride and myopia.

On that occasion, a plethora of reports from Tel Aviv one critical night suggested that Carter had failed to bridge the gap between Sadat and Begin; the major source was a Powell briefing; 12 hours later agreement had been reached. Subse-

quent reporting, especially on television, centred not on what had been achieved but on how the Press had been manipulated by the White House so give the impression the President had pulled off a miracle.

My own first-hand observation supports the Powell view; the White House Press corps had become too dependent on the hand that fed it (it still is) to pick up a lot of the nuances in what they were told.

Not that Powell has any radical solutions to the problem. More competition would help, as might tougher libel laws, but he is as aversive as any journalist to the U.S. Government getting involved.

This month sees the centenary of the birth of Harry S. Truman at Lamar, Missouri in May 1894. The story of how this son of the Middle West rose to the highest office, taking momentous decisions for the post-war world, is told again, with admirable directness and a wealth of illustration, by Robert Ferrell in *Truman: A Centenary Remembrance* (Faber & Faber) £12.50, 256 pages

**FT**

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Handwritten note in Arabic script at the bottom of the page.

# HOW TO SPEND IT

by Lucia van der Post

## Expressions on a plate

I WOULDN'T have thought it easy to make much of a stir in pottery circles when you think of the number of distinguished potters that Britain has given birth to (Lucie Rie and Bernard Leach are just two names that leap to mind) but Ivo Mosley did so just a month ago with his first ever exhibition at the Crafts Centre in Earlsam Street, London, WC2.

Those who missed that chance to see the work of somebody who has been described as "an alchemist in ceramics" may see some 200 examples of his art in the terrace entrance foyer of The National Theatre in London's South Bank. From now until June 16, from 10 am to 11 pm from Monday to Saturday his work may be seen entirely free of charge.

Everything on view is for sale and though the average price works out at about £45, there are small pots starting at about £10, large ones ranging from £80 to £100 and there are some strange dishes standing on their own legs which sell at about £200. There are also vases and lights, tripods and bowls.

Those who see his work are usually most immediately struck by the colours he uses—there are very bright blues, greens, yellows and reds, all often used in very striking combinations. He also uses very intense combinations of black (which Ivo Mosley achieves with the rare uranium oxide as a pigment) and white. All these are light years away from the subdued sand-coloured pots most of us associate with traditional ceramics.

His work has a freshness and vivacity which breathes new life into the whole world of pots and bowls, vases and dishes. Some of the boldness of his work is conveyed by the plate shown photographed below (this particular one sells for £55) but our pink and grey cannot possibly convey the glory of the colours.

His work has not yet been taken up by the grand museums and galleries but I am in no doubt that it soon will so those who want to buy early, before he becomes a big name, should do so now.

If you cannot make it to The National Theatre, Ivo Mosley is always happy to receive visitors at his studio at 11 Lawrence Street, London, SW3.

### POSTSCRIPT

ALL those lucky people with conservatories, who, like Anthony and Elizabeth Stanbury, find that flies tend to gather in the warmth might like to know that several readers have written in offering solutions to the problem.

The most common suggestion was a piece of old country lace—apparently bunches of fresh mint kept in the larder are meant to help keep flies away and one recommendation was a tub of mint in the conservatory.

Another idea was to have at least some insect-eating plants growing and readers reported much success with Trumpet Pitchers (that is, Sarracenia), Mr. McBurnie from Lancashire reports that he bought five "voracious" plants and now has little trouble. He finds that *Drosera* seems the best for small midges.



### COOKERY

## Go on, spoil yourself

BY JULIE HAMILTON

I KNOW of a couple who, on a Sunday, often have lunch at an excellent restaurant famed for its unique cuisine and stupendous and extensive wine list. They pay £9.50 each for the meal (this must be a bargain by any standards) and £36 for the bottle of wine!

Is it not true that most of us, at some time or other, will spend what must appear to others an outrageous amount on something of no practical use, something we could certainly live without, something that can only be described as a real luxury? Should the mood or occasion be creeping up on you to indulge in such a sane and colourful act, I have some culinary suggestions of the most extravagant but delicious nature.

Have you ever had fresh foie gras? Not paté de foie gras but the raw goose or duck liver from France? (Foie gras is the enlarged liver of either duck or goose. Duck is easier to find.)

I was introduced to foie gras by a food-loving friend who came back from Lyon with a whole goose liver (vacuum packed). He marinated it, cooked and served it to my husband and me. It was food for the gods. I at once set about finding out where, if at all, one could buy foie gras in this country. After extensive enquiries and much searching, I discovered two sources, but not before I had been told that it was illegal to import it raw and that I would have to buy it "milité" (partly cooked).

If it was illegal why were there at least two places where I could buy it quite openly? Loopholes in the law perhaps? I put many questions to the various authorities involved in the importing of food and eventually received official confirmation that poultry could be legally imported.

Raw foie gras will cost you something in the region of £1.25 an oz, but remember that this is one of the greatest, most sought-after culinary luxuries in the world, so you must expect to be prepared to pay for it. If you really love food and have that very special occasion to celebrate (a silver wedding dinner perhaps?) why not lash out just this once and try it?

If you buy the whole liver vacuum packed from Boucherie Lamartine, 229 Ebury Street, SW1 (01-730 4175) it will cost you approximately £15 for 18 oz of foie gras de canard. Or Monsieur Jacques Bouquillon of Maison Bouquillon (01-325 5442) will be happy to tell you if he has an agent near you who can supply you with milité which is much more expensive, approximately £37 per lb; or he may even be persuaded to post vacuum-packed raw foie gras canard to you. Harrods also sells the foie gras canard milité in jars, and would post it.

The following recipe is the one we were given, and you have to have the raw liver to be

### FOIE GRAS EN TERRINE

(serves at least 8)  
1 whole foie gras cru; 6 fl oz port; sea salt and freshly milled pepper; 2 oz goose fat or butter.

Place the liver in a terrine with a lid, sprinkle it with salt and pepper (scant half teaspoon of each) and pour the port over. Cover and leave for 24 hours, turning from time to time. Preheat the oven to gas mark 4 or 5 (350 or 375F).

Spread the fat or the butter over the liver, which is still in the marinade, place it in a bain-marie (a roasting tin half-filled with water) and cook it covered for four minutes to the 100 grams, that is roughly 20 mins. It should be light pink inside when cooked and it is better to undercook it slightly rather than overcook it.

Remove it from the bain-marie and allow it to cool completely in the juices in which it has cooked before refrigerating. When serving, remove it from the refrigerator well in advance. Slice it thickly and serve cold, with thick soft white toast.

The following recipe is ideal for milité, as well as cru, should you have difficulty in finding the raw foie gras.

### FOIE GRAS CHAUD

(serves 6)  
1 foie gras sliced into 8 slices (milité or cru approx 1 lb); 1 small wine glass of armagnac; salt and freshly milled pepper; approx 4 oz butter; 16 or so peeled, de-seeded and halved grapes; 8 thick slices of bread lightly buttered.

Sprinkle the liver with salt and pepper and pour the armagnac over. Leave this for one hour before cooking. To cook, fry each slice in hot, foaming butter on both sides for hardly a minute (even less for milité), drain and place on the bread which you have also fried. Decorate with the grapes. Tip the juices from the pan over each portion and serve at once. Alternatively, serve on a bed of spinach instead of the bread.

Another item of great luxury and relatively even more expensive is the truffe; so often associated with foie gras. Neither of the above recipes really need the truffe but its addition will turn it into food fit for the most sumptuous of feasts. What more can I say?

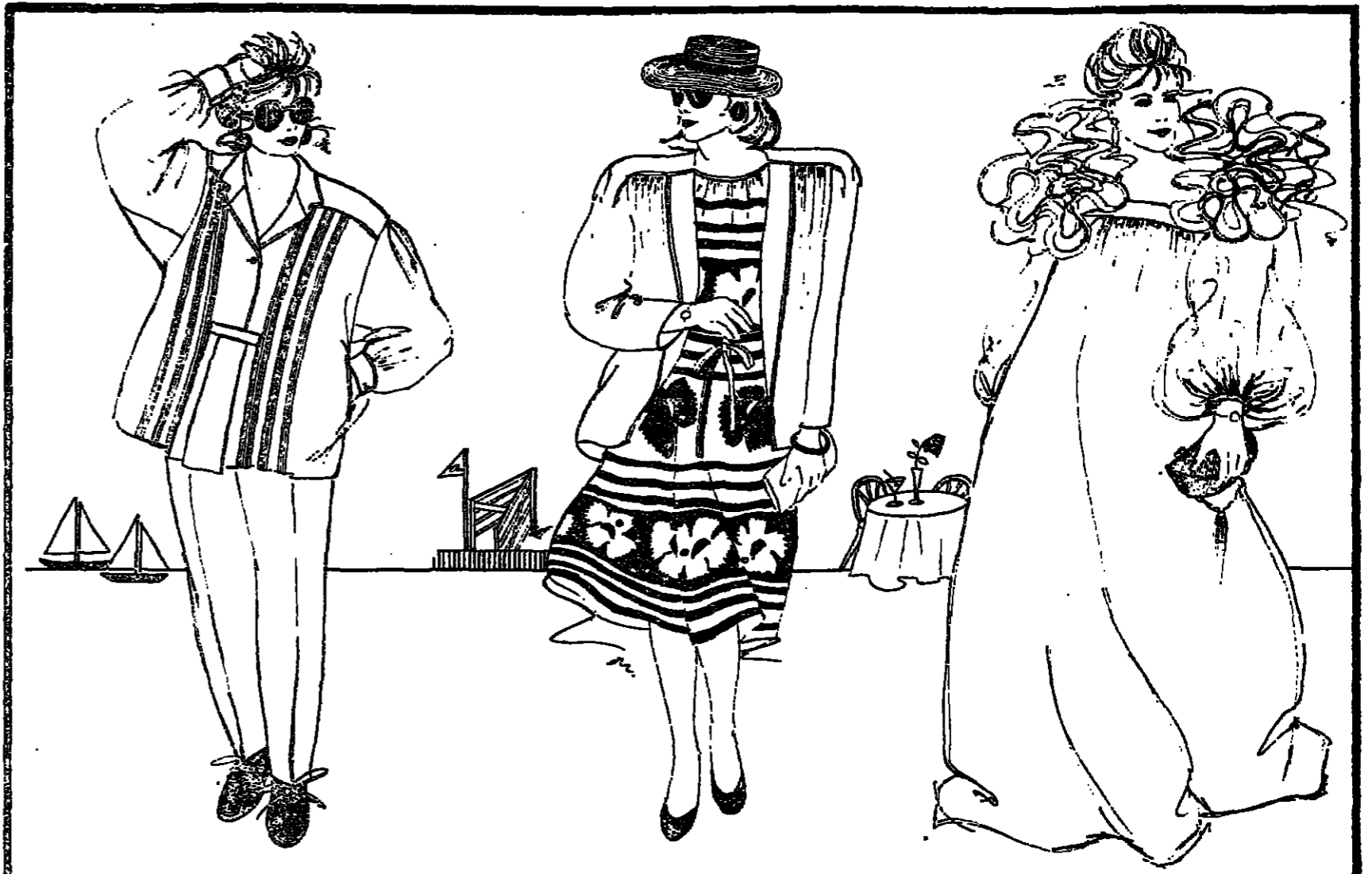
Bob Campbell, managing director of W. G. White



Below left: Monica Flynn sells a wide variety of trousers, jackets and blustering overshirts of all kinds, which can be used to build-up a holiday wardrobe. The trousers in navy, white or jade are made from 100 per cent polyester, are washable and come in sizes 16 to 24. They were made to Monica Flynn's own designs and measurements by the Swiss company of Alpinit and cost £58. Worn with the trousers is a beautifully-cut tunic or overshirt in polycotton. Again it comes in sizes 16 to 24 in white only and was designed by the French company Manvela, £117.

Below centre: For weddings. Ascot, Henley or all the other glamorous occasions to which larger ladies are just as likely to be invited as their slimmer sisters, there is a selection of dresses with matching and quite slimming jackets. This particular item is meant for a high-fashion occasion and being made in pure silk crepe de chine it isn't cheap. In combinations of blue and white with jade trimmings or grey and white with red trimmings, it is £258. The jacket, black or navy, is £237, while the Italian straw hat in white, navy, red or black, is £24.

Below right: Finally, a ball dress so glamorous that I was quite keen to know if it could be made in smaller sizes. Designed by the Italian Valditore, in red silk taffeta (though it can be made to special order in black) it has a dazle of frills around the shoulders and big, beautiful, billowing sleeves to capture the eye where you want it to finger. In stock in size 18, to order in larger sizes (orders take from three to four weeks), it is £490.



Drawings by Ceia Baker

## Big, bold and beautiful

ANYBODY feeling fat, unattractive and lacking in confidence should pay a visit to Monica Flynn's charming small shop at 137 Sloane Street, London SW1. "Designer clothes in Generous Sizes" is how she describes what she is trying to provide but lovely though the clothes indeed are, much more valuable is Monica Flynn's own braising, optimistic approach to life.

Fat ladies, too, can have fun, is her motto. Fat ladies go to balls, to Ascot, can sail and go to the theatre. In fact fat ladies are people leading normal lives but just needing larger clothes to do it in.

She came to open the shop because she had had enough of the clothes conventionally on offer to larger ladies. Large size certainly is "six foot tall and wide to match" is how she describes herself and has been ever since she was a teenager. "I was always miserable because I couldn't wear what my

friends wore. I had to make do with size 18 cross-overs and Cambridge tents. But though finding the right clothes was certainly a problem a bigger one was my own approach to being large. I kept feeling that my whole life was in waiting for the day I was going to be thin. I found myself refusing invitations because I was on a diet, not buying pretty clothes because when the diet worked I was going to be thin.

"The big step is to come to terms with the fact that you are large and tomorrow it isn't going to be any different. Over a year ago I stopped weighing myself. I threw away the bathroom scales. I stopped being obsessed with food and I'm a whole lot happier. I've just accepted the fact that the only way I could ever be slim would be to live on 500 calories a day for the rest of my life and I'm not going to do that. The secret is to accept yourself as you are and make the best of

yourself. Beauty is 70 per cent in the mind." She believes that the fact that there are very few attractive clothes for larger sizes (despite the fact that it is estimated that about 43 per cent of the female population is a size 16 or over) — because large people can't get the clothes, they don't feel good, so they lose confidence and so they seem unattractive. She likes to help make the large feel much better about themselves. She makes sure they have personal attention and are made to feel they, too, can look good.

She makes no bones about the fact that her clothes are not cheap—she believes large ladies should wear good materials and soft pleable fabrics like fine cottons, silks and wools. She believes they should be just as adventurous with clothes as anybody else "they're never going to look thin so there's no point in

following all those rules about wearing vertical stripes—they'll just look like fat ladies wearing vertical stripes."

She believes grooming is much more important for them than for their slimmer sisters and as a final warning adds "never squeeze into anything too small—nothing is more fattening."

For those who cannot get along to Monica Flynn's shop or who cannot afford her prices (her clothes are mainly designer clothes from very good continental designers) the news is pretty bleak. Several of the erstwhile better shops catering for larger ladies seem to have gone under recently. There is Magna which aims at a much more middle market and has 115 in-shop departments, including 65 in the Debenhams group.

For those who have very little to spend try perusing the pages of Fashion Extra. Part of Great Universal Stores Mail Order Catalogue, you can get Fashion Extra free of charge by writing to Fashion Extra, Bridgewater, Manchester M60 4AP (or tel 061-932 3386).

It offers the chance of buying by mail, trying on in the privacy of your own home and sending them back if they don't fit or aren't right. The designs are a mixture—if you look carefully you will see some very attractive leisure wear, sweat shirts, tracksuits and towelling separates, bras which go up to a D cup which is unusual and shoes (another larger person's problem).

Prices are amazingly reasonable—a particularly nice polyester striped cotton and polyester shirt dress for just £10.99. Sizes all go up to 26, some up to 30.

Another small, exclusive shop specialising in attractive clothes, mostly in cottons and wools, for larger women is Sass, at 10A Gees Court, London W1.

## Back stage at the Crown Jewellers

GARRARD, the Crown Jewellers, the shop with the rather daunting portals opening on to 112 Regent Street, London W1, is known, if only by reputation, to most of us. First appointed the Crown Jewellers by Queen Victoria in 1843 it has ever since been entitled to sport that incomparable badge of excellence "By Royal Appointment" above the door.

Though we all know it as a purveyor of jewellery, silver and clocks of high and exclusive quality, what is perhaps less well-known is that behind those grand doors is a whole host of services that even the most modest of us might wish to take advantage of. Some 400 people work for Garrard behind the scenes, designing, making, repairing and restoring.

If you have a piece of silver that is damaged, a piece of jewellery you want altered, a clock that never seems quite on time, then there is very probably somebody at Garrards who could put that right.

Let us start with silver. Garrard will polish, repair, match up or design silver. Whether you want a damaged bowl restored or wish to add (as did a recent American customer) to a antique piece that match the originals or wish an original item to be made up from scratch, the silver workshops can tackle it all.

When it comes to jewellery a much-valued service is Garrard's willingness to redesign and remake old pieces—all the designs, sketches and castings will be done free of charge, the only charge is for the work. Jewellery can be made up to customers' own specifications and designs or else it can be copied from the old guard books that Garrard still retains. Pearls can be polished and restringed, pieces can be valued and cars (if an appointment is made first) can be pierced. A favourite jewellery item is old

brooches made up in owners' racing colours.

The clock and watch workshop is one of the biggest and busiest there is. Whether it is a wristwatch or a grandfather clock, whether you bought it at Garrard or not, there will probably be somebody in the workshop who will be able to put it right.

Finally, if you need engraving of any sort—whether on glass, silver, silver plate or gold, Garrard is expert at the job. Though these may be some of the crafts and skills that we all feared were dying Garrard reports that some of its craftsmen may be getting on but there seems to be no shortage of young ones eager and anxious to take their place.



George Oliver, a Garrard silversmith, making an octagonal cream jug to match an existing set

## TIME TO HIT THE BAY

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Saloon wardrobe, 2-doored, shelf and hanging rail, 91cm long x 52cm deep x 130cm high £195

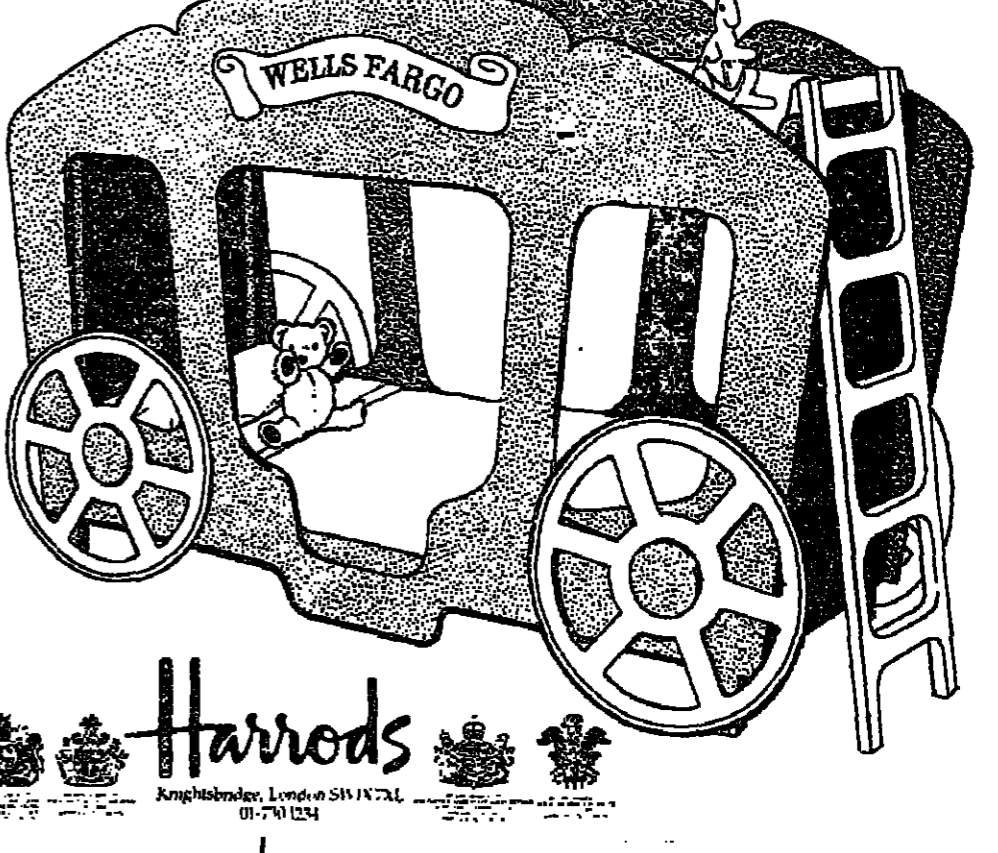
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Cannes—the good, the bad and the ugly

The most memorable off-screen image at Cannes last year was that of publicity-shy French director Robert Bresson...

Strozek. The movie's moot point, as ever with Herr H., is which is madder: "sane" civilisation, about to blow itself apart with bombs...

member an easier way to the files" he says in voice-over while climbing down a 100-foot rope into the flooded police station vaults...



Rupert Everett and Colin Firth in Another Country

on a feudal farmstead in 80s Extraterritorial. Theo Angelopoulos's exotic and exhausting voyage to Cythera from Greece...

high-screen version of Blaz's Corcovado—yes, yet another pic about the fatal gypsy—in which Plácido Domingo and Julia Migenes Johnson sing up a siren in dust-burnished Andalusian locations...

Haydn's Creation BY DOMINIC GILL

As a coda to his Mozart series at the Barbican with the English Chamber Orchestra, Jeffrey Tate returned on Thursday to direct them...

lighter, more delicate emphasis. Every performance of Die Schöpfung, too, must come to terms with the fact that nothing after the first five minutes even begins to match the visionary promise of the astonishing orchestral introduction...

Lewis's tenor was outstanding, warmly rounded, subtly coloured: he gave his big accompanied recitatives, especially "In vollem Glanze" and "Gott schuf den Menschen"...

Politics and the day of rest

Another look at It's Your World. Radio 4's Sunday morning international phone-in: this week we had King Hussein of Jordan, and his inquisitors spoke from all over the globe...

Routine punctuated by Orgies. Orgies of work, naturally, though we heard that his lordship liked to take his staff to meals at the Mirabelle. Lord Rothschild, alas, could not participate, but his successor, Sir Kenneth Berrill, did...

is an actor with little work and a charming wife. (Jennifer Hilary) who receives him with hardly a cross word when 12 years after he left her, he turns up to stay the night. Actually he's a happier staying with Jacqui, a golden-hearted tart, who is involved with rich Sir Marcus Stein and gets mixed up in some kind of blackmail plot. It seems promising stuff...

RADIO B. A. YOUNG

account of the Ulster strike in 1974 that brought down the current proposals for power-sharing. As if to compensate for so much replacement of entertainment by politics, Radio 2 has blossomed out into a six-part serial, Cast in Order of Disappearance began on Wednesday, and it was easy to see at once that it was an inside job...

It comes as no surprise that the author, Simon Brett, is a former Light Entertainment producer at the Corporation. The hero, played with much expertise by Francis Matthews, is an actor with little work and a charming wife.

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The End of the World in New York

Arthur Kopit, the author of Wings, Indians, and Oh Dad, Poor Dad, Mama's Hung You in the Closet and I'm Feeling So Sad was given \$50,000 to dramatise a millionaire's fears about nuclear holocaust...

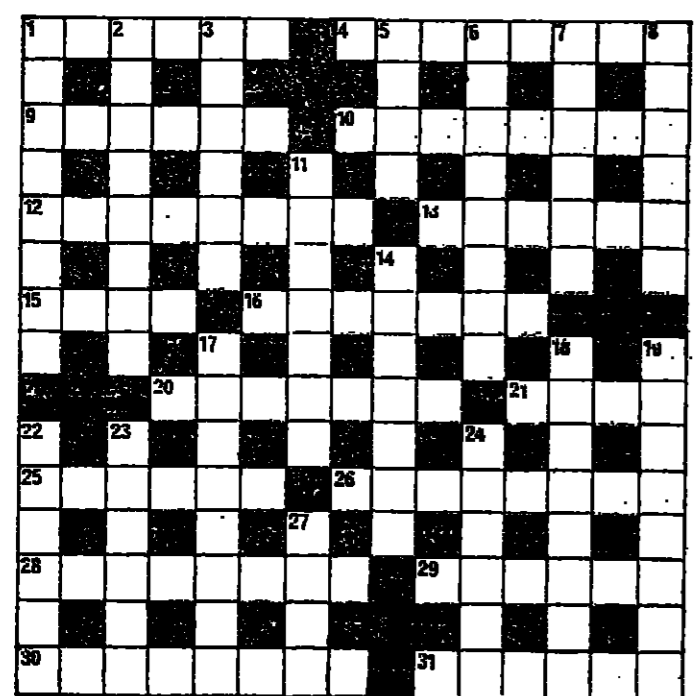
an unpleasant arrogance by shifting the focus of the play from East-West blocs to writer's block. The dramatic tension comes from a meretricious little manoeuvre whereby the fictional playwright spends the \$30,000 as soon as he gets it to pay off his mortgage and therefore has to write the play, a far cry from the intentions of the millionaire patron...

Hughes. The best that can be said for John Shea as the fictional playwright is that he shares the audience's embarrassment at what he has to perform. From the opening conceit that a playwright is like a detective, Shea talks to the audience standing with his legs far apart, awkwardly lighting a cigarette in a hackneyed Humphrey Bogart gesture. He poses his own frustration at the prospect with Clarke Dunham's set consisting of pretty signs representing a variety of contemporary American interiors...

Director Harold Prince exploits his own frustration at the prospect with Clarke Dunham's set consisting of pretty signs representing a variety of contemporary American interiors in which the characters trundle round like a tea set under the explosion. The one pleasure of the production is the recent Academy Award winner Linda Hunt as the playwright's agent, who gruffly but endearingly secures her writer's mortgage payment by getting him to finish what the audience is then forced to sit through.

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F.T. CROSSWORD PUZZLE NO. 5420



Name: Address:

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by this Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 1 Cannon Street, London EC4A 3DF. Winners and solutions will be given next Saturday.

- ACROSS 1 What sort of nose can be treated anew? (2-1) 4 Joyful sounds when artist is lost in orchestral shake-up (8) 9 To equip Merchant Navy with missiles, etc., wealth is needed (6) 10 Nursery beef-stealer? (8) 12 Not cracked in this context (3) 13 Fruit from Ohio mountains (6) 15 All hands boasted their superiority (4) 16 eg, B (6) and A (in chopped mint) (7) 20 Arnold Bennett's card with energy for organised system (7) 21 This spy does not look well (4) 25 Spanner to get Max cut out of broken birdcage (6) 26 Enquiry agents, of course (8) 28 Function of peacemaker is put at risk (8) 29 Endless hard work at number ten? Some people just sit in it! (6) 30 Single journeys in them capital loss in France (8) 31 Breathe with difficulty and gag (6) DOWN 1 Odd, funny magazine, but cordial (3-5) 2 Old judge who followed elder in line (8)

Indicates programme in black and white. BBC 1, BBC 2, CHANNEL 4, REGIONAL VARIATIONS, REGIONS, CENTRAL, GRANADA, HTV, SCOTTISH, TVS, YORKSHIRE, RADIO 1, RADIO 2, RADIO 3, RADIO 4, RADIO 5, RADIO 6, RADIO 7, RADIO 8, RADIO 9, RADIO 10, RADIO 11, RADIO 12, RADIO 13, RADIO 14, RADIO 15, RADIO 16, RADIO 17, RADIO 18, RADIO 19, RADIO 20, RADIO 21, RADIO 22, RADIO 23, RADIO 24, RADIO 25, RADIO 26, RADIO 27, RADIO 28, RADIO 29, RADIO 30, RADIO 31, RADIO 32, RADIO 33, RADIO 34, RADIO 35, RADIO 36, RADIO 37, RADIO 38, RADIO 39, RADIO 40, RADIO 41, RADIO 42, RADIO 43, RADIO 44, RADIO 45, RADIO 46, RADIO 47, RADIO 48, RADIO 49, RADIO 50, RADIO 51, RADIO 52, RADIO 53, RADIO 54, RADIO 55, RADIO 56, RADIO 57, RADIO 58, RADIO 59, RADIO 60, RADIO 61, RADIO 62, RADIO 63, RADIO 64, RADIO 65, RADIO 66, RADIO 67, RADIO 68, RADIO 69, RADIO 70, RADIO 71, RADIO 72, RADIO 73, RADIO 74, RADIO 75, RADIO 76, RADIO 77, RADIO 78, RADIO 79, RADIO 80, RADIO 81, RADIO 82, RADIO 83, RADIO 84, RADIO 85, RADIO 86, RADIO 87, RADIO 88, RADIO 89, RADIO 90, RADIO 91, RADIO 92, RADIO 93, RADIO 94, RADIO 95, RADIO 96, RADIO 97, RADIO 98, RADIO 99, RADIO 100.

The Pre-Raphaelites 7 March-28 May Sponsored by Pearson. Tate Gallery Millbank, London SW1. Admission £2 Monday-Saturday 10-5.30. Sunday 2-5.30. Closed 22 April and 7 May. Recorded information: 01-621 7128. Musical life in Britain has been one of its glories in recent years. The vitality of this life depends upon the dedication and enthusiasm of thousands of musicians who work long and arduous days under conditions which are far from ideal. Furthermore, in cases of illness or old age, many performers who have worked so hard for the benefit of all find themselves poorly provided for. The Musicians Benevolent Fund does invaluable work in helping to relieve distress.

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# LEISURE

## RA Summer Exhibition: William Packer meditates on the canvases *Pot luck at Burlington House*

WHETHER IT is the Private View itself, or the Varnishing Day, or the Banquet that marks the precise moment, one way or another it is the Summer Show of the Royal Academy that is held by custom to bring in the London Season, first stop in a gazetteer that will take us on through Eton, Ascot, Henley, Wimbledon and Lords, at last to Goodwood.



Professor Carel Weight by Ruskin Spear

Still, as ever, the Academy fixes the popular imagination in an oddly powerful grip, as though what it does in its summer term is somehow an expected, eccentric, bizarre. We should be forgiven for assuming that we had grown used to it by now: but no. In come the television crews, with their unerring nose for human interest and eyes blind to quality, minds that do not think of the artists as normal people, that send work in to the jury is no more than a reasonable professional hope against the statistical probability of disappointment.

And too large at that, especially so given a submission of 12,139 which is a little down on recent years. All open exhibitions are the creatures of their submission and no hanging committee, however judicious and discriminating it may be, can hang masterpieces it does not see. We may regret their absence too, but no more than does the Academy itself, and there is no case for particular blame. Responsibility, and praise, and blame, lie rather with what is chosen: and here too we can say at once that of course there are some fairly dreadful things on the walls and floors of Burlington House.

But again we must face the question: what do we expect? To reduce the submission by a ratio of 1:7, given the sheer scale of the exercise, inevitably bespeaks a certain arbitrariness in a collective judgment, a judgment much tempered by the luck of the draw and personal idiosyncrasy. Stumers and heaters, in a Scotch artist friend's happy phrase, abound, and a great many of them have been concentrated, by what I

of its galleries before too long — the Diploma Galleries perhaps, boldly sign-posted to encourage the ascent, or the large back room now occupied by the Orientalists.

To try to mark your card, given so large a field, is an exercise as pointless as it is invidious. All I will say is that the Academy continues sensibly to strengthen itself: the election of R. B. Kitaj and Tom Phillips as Associates will scarcely hinder this process. It is now no inconsiderable body of artists, and I do suggest you look closely at the members' work which represents an extraordinarily wide range of activity and achievement and sets the tone of the show.

I give a few names at random: Paolozzi, Adams, Greenham, Findle, de Grey, Blamey, Kenny, Stevens, Bowey, Philipson, Weight, Lawson, Camp, and of course I could go on. And of those members who died recently, and are given the customary memorial display, I would point you particularly to the work of William Brooker in Gallery I, and to the bronze by the late Hon R. A. Joan Miro, in the Central Hall.

But it is not an exclusive show for members only, so here are a few of the outsiders to notice: prints by Ackroyd, Fairclough, Beer, Bliss, Valerie Thornton, Joanna Wright, Myra Clark, Peter Freeth and Harry Brockway; a church tower and trees in bronze by Kenneth Ford, and a little bronze totem by Ainslie Yule; paintings by Eileen Cooper, Barbara Rae, Deirdre Edwards and Rachel Budd in Gallery VIII; a portrait by Haidee Becker in Gallery XI; paintings by Houston, Robertson and Evans in Gallery IV; by Brian Peacock and Elinor Bellingham Smith in Gallery III; water-colours by Fuller, Chamberlain, Carol Sutherland and two tiny ones at the foot of a screen, by John Kimpton and Janet Rogers, all in the Large South Room.



'Ruth' by Norman Blamey R.A.

## FA Cup Final Trevor Bailey comes down on the side of Everton

### If only both could win

I HAVE NEVER been emotionally involved in any of the 25 cup finals I have covered, as my club Southend United, who have just sunk almost without trace into the fourth division, have never made a serious impression. On the other hand, although technically neutral, I have until this year always had a preference for one of the teams. Like QPR or Southampton they might have been the underdogs. Or they could have been like Spurs whose style of play had given me so much pleasure or like Manchester United in 1977 having lost in the previous year.

In seven previous years Watford have climbed from the backwaters of the fourth division into the first, with a brand of football which has some limitations but has brought them considerable success, finishing second in the first division last season, and now reaching the FA Cup Final for the first time in their history. The remarkable transformation from a league non-entity to a cup finalist has been made feasible through the financial support provided by their chairman, Elton John. He also appreciated that success on the pitch required a good team off the field, as well as on it, and he certainly picked a talented one, an efficient, shrewd and sensible manager, Graham Taylor, and a highly professional Chief Executive Eddie Plumley, plus the advice and experience of Bertie Mee in the background.

When England won the World Cup back in the middle 60s, using a basic four-three-three formation, it was inevitable that most league clubs, not exactly famous for their imagination, would copy the method while Sir Alf Ramsey's next innovation — the four-two-two system with its greater emphasis on defence has proved even more popular.

For more than a decade Everton have been overshadowed by their next door neighbours, and even though they are in the final Liverpool are close to an incredible treble; the European Cup, the Milk Cup and First Division champions, for the third time on the trot.

In addition up front, Andy Gray will niggly away at everybody including the referee and his enthusiastic persistency makes him a continual threat. Although it is unlikely because too much is at stake, plus the experience of Watford and Everton's fear of losing another final, it could be a spectacular match if both teams hit their top form. This clash reminds me of a contest between a fighter with a knock-out punch who must land it early to win, and a very fit boxer who will triumph if the fight goes the full distance. Unless Watford score once or possibly twice in the opening 30 minutes I must fancy the more continuous pressure which Everton are likely to exert and which should earn them the Cup.

## The Chelsea Flower Show: A fine spring has produced a fine show. Arthur Hellyer reports

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## Back to the real problems of the practical gardener

IT IS CHELSEA time again. The great spring show of the Royal Horticultural Society opens next Tuesday for private viewing by members and on Wednesday, Thursday and Friday will be open to the public. Opening time each day is 8 am and the gates close at 8 pm except on Friday, when closing time is 5 pm.

All the amens are good. The spring shows held by the RHS in its Westminster exhibition halls have been well filled and of first rate quality: the Harrogate Spring Show, held a month ahead of Chelsea, broke all records for numbers of entries, and the Liverpool International Garden Festival got off to a flying start on May 2 when every thing was ready on cue for the Queen's opening.

At Chelsea it is heartening to see the way in which gardens are becoming much more varied and are tackling real problems faced by garden owners today. The difficulty of expense, which at one time threatened any experiment with new ideas, has been overcome by finding sponsors such as the Halifax Building Society, which this year has engaged those two very original young designers Geoff and Faith Whitten to make a city garden.

This is small enough to be a back yard yet they have transformed it into a fascinating oasis of small trees and shrubs specially chosen by Roy Lancaster as being tolerant of city conditions. These are underplanted with both spring and summer flowering bulbs which could be left undisturbed for

years so that the whole garden becomes self-supporting and requires a minimum of maintenance and renewal. Some plants are growing in weather-proof earthenware planters, made in China at the Hsing pottery and finished in sculptured natural clay ornamentation or a deep blue glaze.

Then there are the three tiny Sunday Times gardens each made on a plot 12 feet deep and 16 feet wide and representing the little plots commonly found in front of terrace houses. A design competition was held and these are the three winners. The first, designed by David Mills, makes use of raised beds filled with flowers; the second, by Lynne Jenner, is covered in gravel for low maintenance and plants have been chosen to grow in this; and the third, by Richard Baker, achieves the same aim of hard wear and low maintenance by paving the area with quarry tiles but leaving room for a few carefully chosen plants.

Also novel is the use, in a Daily Telegraph/Sunday Telegraph competition winning garden, of a pergola with removable canopy. This covers a little paved terrace and pool which leads to a lawn surrounded by shrub and herbaceous borders. The design is angular, the planting generous and softening, contrasts which Luytens and Jekyll frequently used when they collaborated in garden making during the first decade of this century.

Woolworth have used one of the sloping plots on the famous



Getting ready for Tuesday's opening

Embankment site to create a traditional English garden measuring 45 feet by 35 feet. There is a raised pool contained by a brick sea; and a path which curves upwards beside a lawn to reach a garden house which is both utilitarian and a focal point at the end of the garden. There are well-planted retaining walls and the aim is to mask the severe rectangularity of the plot.

Amateur Gardening celebrated its centenary on May 3 and has made a Victorian garden that would have delighted its first editor, Shirley Hibberd. It is an example of what garden historians call the "gardenesque," a style that led the 19th century revolt against 18th century landscape gardening which had banished most flowering plants to the kitchen garden. The philosophy behind this green, Bressingham blue is not

new but is a magnificent form of *H. sieboldiana* with large blue-green leaves.

Norcutt's Nurseries have been inspired by the famous labourer walk at Bodnant to create a tunnel of golden bloom as a major feature of their large exhibit of trees, shrubs, climbing plants and roses. This includes numerous varieties of lilac, of which Norcutt has an unrivalled collection, and also many of the new dwarf rhododendrons obtained by using Rhododendron yakushimanum as a parent.

Hursts, the wholesale seed firm based in Essex, have combined with Slough Borough Council to make one of the big spectacles for which Chelsea is famous. A major feature of this is a new compact celeriac with deep red markings raised by Hurst and named Xenia Field. The gaily coloured Salpiglossis Monarch Mixed is also prominent in this display.

Van Tubergen has excelled even bringing over 300 varieties of bulbs, 40 of which were either raised or introduced by the firm. The exhibit includes a scarce variety of the little Tulipa batalinii named Bronze Charm, the splendid pink trumpet daffodil Salmon Trout and a comprehensive collection of colour forms of Anemone blanda, some which are seldom seen in gardens or at flower shows.

As usual the great marquee will be packed with exhibits, some spectacular, some filled with unusual plants. I shall look with special interest at a big collection of hostas staged by Bressingham Gardens in a large exhibit combining dwarf conifers and other small shrubs and herbaceous perennials. *Hosta ventricosa* Gold Flush has glossy green leaves suffused with yellow; Gold Edger has not got a yellow edge to its leaves as you might suppose but is yellowish green all over and so neat in habit that it is useful for edging; Gold Standard has yellow leaves edged with dark green. The philosophy behind this green, Bressingham blue is not

new but is a magnificent form of *H. sieboldiana* with large blue-green leaves.

## 1983 looks to be a good year for claret

FOUR EXCEPTIONAL claret tastings have taken place in London recently, representing the 1983, 1981 and 1955 vintages. Although they did not take place in that order, since it is customary to taste in historical order with the youngest first, I start with 1983. It is the latest vintage in which a great deal of interest has been expressed, partly because it succeeded the record 1982, one, partly because it was so large itself and has resulted in some contradictory pronouncements.

It is impossible to give even ex-chateau prices, for as I write a number have not come out, but from those that have, including Lafite and Mouton-Rothschild, it is clear that they will be about the same as for the 1982s, some a little more.

The Bordeaux list will claim that owing to inflation this is in fact a reduction. Others aware of the size of the 1982 crop — only about 10 per cent less than the huge 1983 vintage — may be disappointed. There is, however, no doubt about the overall good quality of the year, and the question most widely asked is whether the customers will buy or postpone the third good vintage in a row.

The two London tastings of new samples of these 1982s were given by Nathaniel Johnson, the distinguished Bordeaux merchant, whose annual list to date does a good deal in setting the tone for British buyers, and Thorman Hunt of Monmouth-

shire, who also showed some earlier vintages. Together they offered about 45 wines. As the Thorman Hunt list was much the shorter — nine wines — and generally of less expensive wines, they can be mentioned first.

On the whole the lesser wines seemed to lack some colour and body and this applied at the Johnston tasting too. One I particularly liked in the former list was that excellent Bas-Médoc, Parache d'Aux with good colour and fruit, whereas its neighbour La Tour-de-By was closed up and hard, but may well develop later. Cask samples are not all that reliable. Then came Andron Blanquette, a less tough than usual St-Estephe.

The two wines on classed-growth level that showed particularly well to me were Figeac, a full-coloured, fruity red Graves that has been making increasingly good wine in recent years, and l'Écluse, a big-coloured, very concentrated Pomerol that seems to have returned to form recently after an indifferent spell.

In the more extensive Johnston tasting there were, as usual, no first-growths, as they are always reluctant to show their wines before their price come out, but otherwise a wide range of many of Bordeaux's best clarets.

Among the lesser names, I particularly liked the Picque Collet, about the only Graves left in the almost-dominated Médocian commune: it had an

## WINES EDMUND PENNINGTON-ROSELL



almondly bouquet and if pale was fruity, while the usually excellent Bas-Médoc Potensac was much fuller-coloured, but very closed-up with little aroma. A good cru bourgeois, with oak aroma and plenty of fruit was La Bégoire Zédé from Margaux, while two second wines, Lacoste-Borie of Ducru-Beaucailou and Clos du Marquis of Léoville-Las-Cases, were very well balanced and should be very good value when the prices emerge.

Coming to the classed-growth, I found Haut-Bailly, the red Graves, a very well-balanced wine, with the real "bricky" aroma that I associate with the Graves, and medium colour. A surprise

was Léoville-Poyferre, which after making indifferent wine for many years, has recently "rejoined" its second-growth status. Its fellow St-Julien, Léoville-Las-Cases and Ducru-Beaucailou had more character and I thought the former had greater depth of flavour.

For me the best wine of all in the tasting was the huge, coloured Pichon-Lalande, with lovely blackcurrant bouquet, and a strong but elegant flavour. Another Pauillac in the front rank was Grand-Puy-Lacoste, big in colour, rich in flavour, while Lynch-Bages was up to its normal big "size". So, too, was Cos d'Estournel, though not so prominent charactered as in 1982. The six St Emilion were sound, but did not seem very exciting, except Figeac, very big-coloured and a mouthful of flavour from château that nearly always produces a distinctive wine.

It is too early yet to sum up the 1983 vintage, but the general view is that while it lacks the overwhelming richness of the 1982, those growers who dealt successfully with the rot that developed owing to very stormy weather in July and August and the exceedingly hot vintage that followed have made very good wine, so long as they did not make too much. There is however a good deal of tannin, but not a great amount of acidity: so the 1983s should develop quicker than the 1982s.

Continued next week

## CORRECTION Farm rates

In our explanation of the rating system last week we inadvertently included farmers' homes along with all other farm buildings as being exempt from rates. In fact, the portion of the buildings in which the farmers live are subject to rates. But they are "sympathetically" rated by the valuation officer who does not apply a full market rental valuation on the grounds that farm property would attract a much lower rent than normal domestic residences. All the rest of their non-residential buildings and all their land are exempt.

Agriculture and industry were completely derated in 1929. In 1950 industry in England and Wales was fully re-rated but Scottish industry was only half rated and agriculture remained exempt. The Leyfield Committee on Local Government Finance in 1976 recommended that agriculture should be rated as all other industry but the Government has recently stated its intention to allow the exemption to continue.

Millions of gardeners accept it as

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Saturday May 19 1984

The familiar nightmares

THE OMINOUS disturbances we discussed last week have emerged into daylight since then, and their causes are familiar: as with other mid-range panics, they seem less alarming once they can be assigned to a familiar cause. Financial strain has finally pushed Continental Illinois, once reputed to be the most conservatively-managed of America's big banks, into the rescuing arms of the Fed.

Bank shares have fallen worldwide, as markets remember that bank assets are not always what they seem; but we really knew that all along. The rise in U.S. interest rates, which is causing the general sense of overstrain, led to some blunt, unconstructive language at the OECD meeting in Paris, but that is no surprise either. Meanwhile, alas, these tenuous worries have been overshadowed by some very real ones.

Trade union objectives

From Mr A. Smithers
Sir,—In view of the many claims by unions for special rights and privileges it should be remembered that trade unions are private organisations of various sizes, created and financed by their members and exist solely for the benefit of their members.

In January 1984 the Inter-American Development Bank approved a loan of US\$42m for agricultural purposes. There was never an application for a \$10m loan. Recent events, particularly in the Caribbean, have highlighted a concern for the national security of small states.

Georgetown defence force quiet

From the Guyana High Commissioner
Sir,—Hugh O'Shaughnessy writes (May 15) that unrest is reported from Georgetown among the Guyana defence force.

Elderly owner occupiers

From Mrs E. Caulecott
Sir,—In writing of the financial problems of Miss Saltwater (May 12) Arthur Sandless enters a field which can only become of increasing importance. It is abundantly clear from extrapolation of existing statistical information that the elderly owner occupier is one of a growing group, and a group containing some of the lowest income households.

A BANK, they say, is like an upside down pyramid: a majestic act of gravity defiance, just so long as the air is still. Unfortunately for Continental Illinois, the U.S.'s ninth largest bank, it was not just a breeze but a positive gale of bad news that hit it this week, forcing the U.S. authorities and fellow banks to mount the largest rescue operation ever seen: \$7.5bn package of loans and new capital, plus a pledge by the Federal Reserve to stand by the bank until it can sort itself out.

This is more than double what the world's big banks will have to put up this year to bail out Mexico, one of the largest of the Third World debtors which—ironically—was supposed to pose the gravest threat to the world banking system. But it seems to have worked. The devastating rumours that triggered a massive run on Continental have died down, bank shares which slumped on stock markets all round the world, have steadied, and—most important of all—Continental's doors are still open.

Nonetheless, if the banking world has escaped what would undoubtedly have been one of the worst financial shocks since the war, the saga of Continental is far from over. Continental's ultimate fate has yet to be decided: it may never survive the damage done to its image and balance-sheet in the last few days and may have to be broken up or merged.

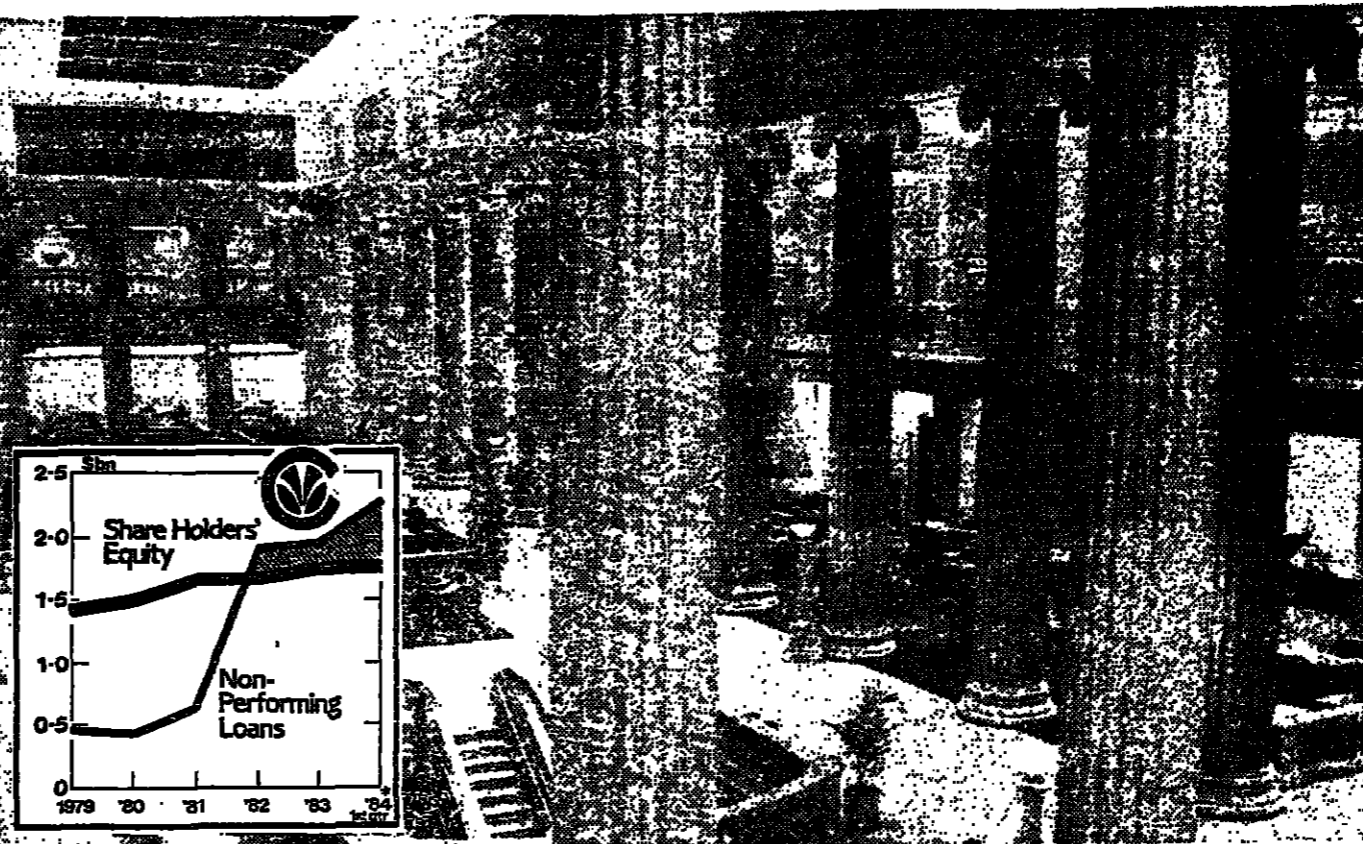
Several questions also need to be answered:
● How did Continental, only years ago considered to be among the best-run banks in the U.S., come to be a stretcher case?

● Could the crisis have been averted by more decisive action on the part of the U.S. authorities?
● Does the fact that the Fed stepped in mean that it will necessarily rescue any other big bank that gets into trouble?

The crisis has its roots in the huge losses Continental suffered in the summer of 1982 through the collapse of Penn Square, the Oklahoma bank through which it had made several billion dollars' worth of bad energy loans. Penn Square had been packaging energy loans for other banks, but Continental never properly checked their quality. That not only shattered the bank's quality image but left it struggling to repair the damage.

The rumours that wouldn't die

By David Lascelles in London and William Hall in New York



Continental Illinois' neo-classical Chicago headquarters

The mounting crisis showed the awesome power of rumour

Taylor, the chairman, the bank lost a total \$8bn before the haemorrhaging was staunch. The mounting crisis showed the awesome power of rumours as the bank's first mistake may have been to comment on them at all. What was disturbing, though, is that they refused to die down even after Mr Todd Conover, the Comptroller of the Currency and the top U.S. bank regulator, said they were groundless.

Each day, hundreds of millions of dollars, on bad days billions, had to be paid out to depositors. In London, where Continental funds itself heavily because of its difficulties on the U.S. market, \$3bn in deposits matured this week, and the bank could only persuade depositors to "roll over" or re-deposit \$500m of it. The \$2.5bn shortfall had to be funded by the rescue package.

Pensions and rumours of pensions

From Messrs M. Bryant and M. Ritter
Sir,—Now that the Chief Secretary to the Treasury has finally scotched the rumours that the Government might introduce immediate changes in the tax treatment of pension schemes ("I shall do such things... as yet I know not what"), it is perhaps timely to spotlight the role of the life offices in all this. The first report of these rumours came in tax relief and benefits attaching to pension schemes came to us in the week after the Budget for a direct salesman working for a unit linked life office. Then, about two weeks ago, the manager of a long established Scottish office told us "as a matter of fact" that an announcement restricting tax benefits relating to pension schemes on May 11.

The railway timetable

From Mr B. Brown
Sir,—Your report (May 14) on the new British Rail timetable has, I am afraid, added more confusion to southern commuters on the Bournemouth/Waterloo service. Our experience is that delays in communication result from British Rail requiring several weeks, and reminders, to reply to any letter; certainly the only timetable proffered, in response to the request, was at a charge of £3.10—is this BR's way to profitability? It is interesting to hear tell of shorter journey times "to the south coast" when records over several weeks show that on average well over half of trains assessed are late; and all peak hour trains are substantially overloaded even without shorter trains and more intensive use of rolling stock.

Letters to the Editor

tion of which I have personal experience, and which could be adopted for other elderly households. I see the study devalued by a small but significant error in the information relating to the National Union of Tailors and Garment Workers. In 1951, says the study, nearly half the NUTGW's members were in London, Leicester and Manchester. This should obviously read London, Leeds and Manchester, as all the supporting information in the study makes clear.

Creating forests

From the Group Chief Executive, Economic Forestry Group
Sir,—As a forester with strong Scottish links I am saddened by what appears to be a misunderstanding by Mr E. Burns of Glasgow (May 8) of your editorial covering the subject of national forest policy. Within one hour's drive of south Glasgow lies Eskdalemuir forest, the largest multiple ownership private forest in Europe extending to over 30,000 acres. Last year this forest won the premier business and industry award for its unique contribution to the countryside, evidence enough that well managed forests are considered destructive only by those who never leave the highway or fail to understand the countryside.

changes pose for trade union organisation. It would be a pity therefore to see the study devalued by a small but significant error in the information relating to the National Union of Tailors and Garment Workers. In 1951, says the study, nearly half the NUTGW's members were in London, Leicester and Manchester. This should obviously read London, Leeds and Manchester, as all the supporting information in the study makes clear.

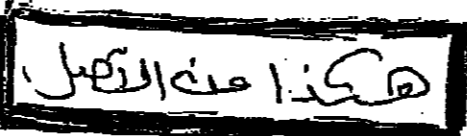
For London read Leeds

From the General Secretary, National Union of Tailors and Garment Workers
Sir,—The study in the shifts in the geography of trade unions by Doreen Massey and Nicholas Miles reported in your labour columns (May 8) is an interesting examination of the changes that have taken place in traditional industries in the period since the war, and the problems that such

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LONDON STOCK EXCHANGE REVOLUTION

Fight to hold the club together

By Barry Riley, Financial Editor

"DUAL CAPACITY is inevitable. It is pure pie in the sky to argue that it can be avoided."

The speaker was Mr Jeffrey Knight, chief executive of the Stock Exchange, but this week it might have been any of the top officials or leading council members of the exchange.

A substantial proportion of the rank-and-file membership of the Stock Exchange has nevertheless, yet to be convinced that it is time to end the rigid division between brokers (agents who deal with the public) and jobbers (specialist market-makers who can only transact business with brokers and are not allowed to approach investors directly).

This single capacity system has been in force for some 70 years. "We are not convinced that the abolition of dual capacity has to follow on from the abolition of fixed commissions," is a typical comment from a Midlands stockbroker.

It was in an attempt to bridge this gulf of understanding that the exchange chairman, Sir Nicholas Goodison, braved a largely frosty reception from some 150 members at an unofficial meeting held in the City of London on Wednesday evening.

The Stock Exchange Council is now well and truly generating the "wider public discussion" it asked for last month when it published a document setting out the outlines of a new structure for the stock market.

To outsiders the issue of single or dual capacity might seem obscure, but to many of the 4,360 members of the exchange it is dynamic. In effect it is all about whether the existing, relatively small and specialised firms should be allowed to grow into multi-headed securities houses which might become part of major banks and financial services conglomerates, both British and foreign.

In a very real sense the Stock Exchange is undergoing a revolution. The process is bound to be painful, and it is exposing wide divisions within the membership. Various groupings display surprising ignorance of each other's affairs, and with ignorance can go suspicion. The main antagonisms can be summarised as follows.

Country v. town. It is only 11 years since all the provincial exchanges were rolled up into a united national market. A key assurance given to the country members at that time was that they would be granted free access to an active central market. It was particularly important that proper competitive quotations should be available in the second line stocks which markets often used to be made locally, and in which country brokers are often particularly active on behalf of their private clients.

Now many country members are suspicious that the Stock Exchange is going back on this commitment. They do not believe that enough new market makers will put themselves forward to run markets in second line stocks once the present dealing system is scrapped.

Stock Exchange officials agree that there could be a difficult transitional period. Gaps could appear in the coverage of market if the dealing system is abruptly changed according to the present timetable, by the end of 1985.

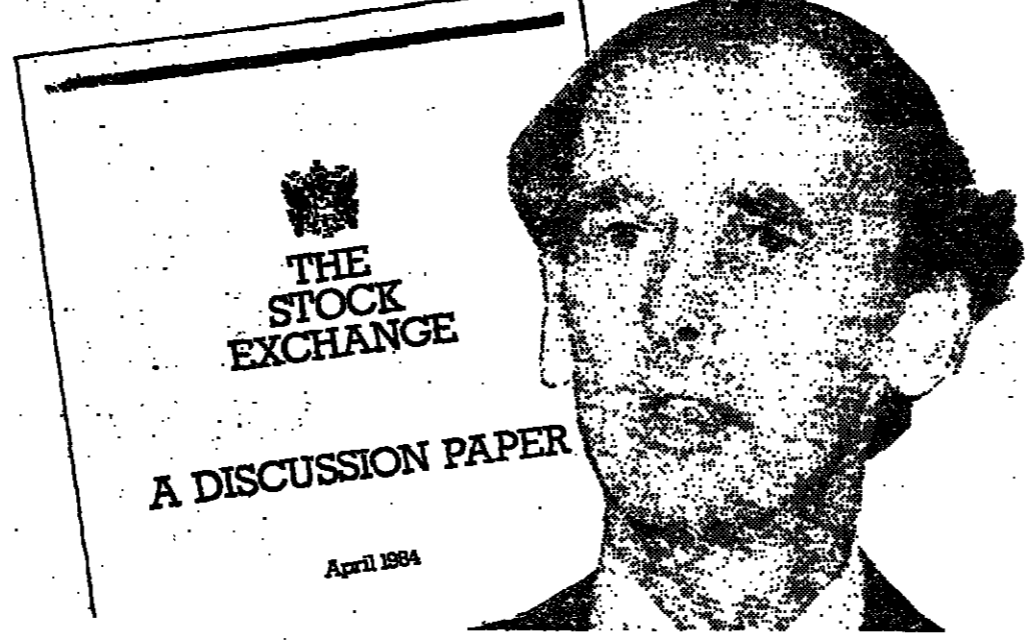
So it looks as though the Stock Exchange will go some way towards meeting the country brokers' fears - which are shared by some of the smaller London firms. On day one the new system may only apply to the top hundred, or so, stocks, and would then be gradually extended throughout the list.

Brokers v. jobbers. Brokers often know surprisingly little about jobbing. There is little movement between the two classes of the membership. A lot of broking firms are therefore highly reluctant to become involved in market-making, a skill which they have no experience of, and which would require large injections of outside capital.

Like almost all small businessmen, most stockbrokers are uneasy about the idea of selling stakes to outsiders. It might mean they would lose effective control over their business.

At the same time they fear that the existing jobbers, when they turn into broader securities operations under the new rules, will take the opportunity to dump their commitments to making markets in second lines.

"The jobbers have always complained that it is difficult to make money out of any but the biggest volume stocks," says one country broker.



Sir Nicholas Goodison, Stock Exchange chairman: braved a frosty reception

But the opposite view can be obtained from the jobbing fraternity. For example, Mr Brian Winterford, managing director of Bisgood Bishop, one of the top five jobbing firms, insists that "jobbers make a lot of profits out of second lines." He should know, because Bisgood is the leading operator in the Stock Exchange's second-tier Unlisted Securities Market.

Big brokers v. small brokers. The large broking firms are urgently negotiating tie-ups with all manner of outside partners, including clearing banks, merchant banks, insurance companies, financial conglomerates and even the odd industrial company.

This week, for instance, Laing and Cruickshank, which ranks about number 15 in the league table, announced that it was selling itself to Mercantile House, the rapidly-growing financial services group, for an eventual £25m. This amounts to an average of nearly £3m for each member shareholder.

For the time being, however, Stock Exchange rules prevent Laing from selling more than a 29.9 per cent stake for £7.5m. Recently Sir Nicholas Goodison's own firm, Quilter Goodson, revealed that a similar 29.9 per cent participation was being arranged with Skandia, the Swedish insurance group.

So far, five other firms in the top 20 have selected their partners. Nearly all the remainder, it can be assumed, are busily negotiating deals in private. The sight of the big brokers doing such lucrative deals is provocative to many members in smaller firms. They fear that their own interests may be trampled underfoot as the major firms scramble to gear up for the coming revolution.

Words like steamroller and bulldozer are much in evidence as the members of small firms criticise many council members for having too much of a vested interest in rapid changes.

After 50 years as a stockbroker I resent outsiders being able to come in and enjoy my hard won privileges," complains the senior man in a three-man partnership.

Nevertheless it is not at all clear how focused all this criticism will prove to be. Wednesday's gathering turns out to have been something rather different from the united protest meeting of small firms that it was billed as being.

THE ALLIANCES

Stakes in Stock Exchange firms

- June 1982 Security Pacific-Hoare Govett
Nov. 1982 RIT & Northern-Kitcat & Arken
Nov. 1983 Citicorp-Vickers da Costa
Dec. 1983 Mercury Securities-Akroyd & Smithers
Jan. 1984 N.M. Rothschild-Smith Bros.
Feb. 1984 Charter Consolidated-Rowe and Pitman
Feb. 1984 NatWest Bank-Bisgood Bishop
March 1984 Barclays-Wed Durlacher, Mordaunt
March 1984 Samuel Montagu-W. Greenwell
April 1984 Morgan Grenfell-Pinchin Denny
April 1984 Skandia-Quilter Goodison
May 1984 Mercantile House-Laing & Cruickshank

Nigeria's currency crisis

Even Shell runs short of cash...

By Quentin Peel, recently in Lagos

THE SIGN in the lift at the headquarters of Shell Petroleum in Lagos said it all. The company which produces about 70 per cent of Nigeria's \$10bn oil export earnings was short of cash.

"We regret to inform members of staff that, owing to the recent currency conversion exercise, we have been unable to purchase milk and sugar for the coffee machines. We hope the situation will shortly be rectified."

The same is true throughout the country. Not only are factory and office canteens closed for lack of supplies, thousands of workers have yet to be paid last month's wages, because their bosses cannot get enough money from the bank.

What happens when a country decides overnight to halve the amount of cash in circulation - in effect, to stop printing money, and burn the excess? Nigeria is currently giving a graphic demonstration.

Inevitably in Nigeria, where cash is king and credit is virtually unobtainable, where no one can be sure how much money is in circulation to begin with, and where a hefty slice of economic activity takes place in the black market, the result was certain to be confusing and chaotic.

When Brigadier Tunde Idiagbon, effectively second-in-command of the Supreme Military Council, announced on Easter Monday that the old naira were to be replaced by new notes, it took practically everyone by surprise. That in itself was a remarkable achievement. But the rest of the operation has proved to be much more difficult.

The aim was to stamp out corruption and the black market by neutralising money held outside the country and forcing hoarders to account for their piles of cash.

The first side-effect was to cause a mini-boom in consumer spending. Individuals were only allowed to exchange a maximum of N5,000 in the bank, unless they swore an affidavit on how they acquired the excess.

Apart from inflating the prices of consumer durables by 30 per cent or more, the changeover resulted in a rush to pay off old debts. The National Electric Power Authority (Nepa), whose erratic supplies are blamed for much of the disruption of life in Nigeria, suddenly found long-standing bills of thousands of naira being settled in used bank-notes.

Tens of thousands of old naira notes were abandoned in unclaimed bundles at Lagos airport, when returning residents and black marketeers found they were being practically strip-searched by the customs.

Yet despite a conviction that up to N1.5bn was actually out of the country in illegal hoards, and millions more were kept in idle balances in the homes of the very rich, the Central Bank seems drastically to have underestimated the demand for new notes.

The official estimate of cash in circulation was about N3.5bn (£3.1bn), and the CBN issued less than N3bn. Yet the major commercial banks claim they have received new supplies amounting to less than 20 per cent of the old notes they took in, and the queues at their doors are still swelling.

One possible explanation is that much less cash was idle than estimated, perhaps because rampant inflation over the past 18 months has forced hoarders to use it. Another widespread rumour in Lagos is that the last civilian government printed an additional N1.5bn before the last elections, and somehow kept it out of the Central Bank.

Whatever the explanation, the present cash shortage is dire. It has undoubtedly brought many prices down, after the first inflationary burst. Hagging with Lagos taxi-drivers has become a painless occupation.

Yet the beneficial effects are likely to be short-lived. Shortages of many food items and other essential commodities are widespread, because of import restrictions imposed by the government, and prices of such goods have hardly changed. The black market rate of the naira does nothing to change the over-valuation of the currency at the official rate, which is a major bone of contention in negotiations with the International Monetary Fund.

As one Nigerian trader remarked: "We may be feeling the squeeze at the moment, but knowing Nigerians, we will sit back and think about it, and soon find some way of making a profit out of the situation."

Weekend Brief FROM Tokyo

Farewell to the saké shop on the corner

BY JUREK MARTIN IN HIRAKAWACHO

THERE ARE TWO big stories these days where we live. The first is that the saké shop has been transformed into a superette; the second is that our most famous occasional neighbour, one Kakuei Tanaka, has moved into a sumptuous new office.

Now, the reader will have quickly grasped that this is being written from Tokyo, which is indeed the capital of Japan, and could therefore be excused for concluding that this has been an uncharacteristically slack news period. Not so.

This is because the key words in the first sentence are "where we live". This is not Japan, nor even Tokyo, but a small neighbourhood roughly a square mile in area called Hirakawacho; and this, in turn, reflects the fact that the Japanese themselves, for all their strong sense of homogeneity and in spite of the seemingly constant change in their urban landscapes, still think very much in neighbourhood terms.

But simply, they know intimately what is round the corner from where they live but invariably not what is a half mile away, as anybody who asks directions in Tokyo soon finds out. And, after a while, it is a state of mind which rubs off on the foreign resident.

Consequently we have become very conscious of our immediate surroundings. It is true that Hirakawacho is "known" to Japan mostly for its political and social connotations: the Supreme Court and the National Theatre are all close by. The political unrest of 1986 was first brewed here and today Mr Tanaka works some of his magic from just up the road. Modern politicians like to maintain headquarters here (and mistresses to go in them), which probably helps explain why local land prices are among the highest in Tokyo, and thus the country: one plot of land was sold last year for the not inconsiderable sum of Yen 1.24m (about £4,000) per square metre.

But these connotations apart, Hirakawacho is otherwise completely devoid of physical distinction. It is not beautiful, but then few parts of Tokyo are these days; it is yet another melange of apartment and office buildings (including the wondrously named Eternal Mame Building) and each passing year sees a few of the handful of remaining single family houses bite the dust. It has a quiet Shinto shrine, with a flowering cherry, but no real park and precious little natural growth apart from the clusters of potted plants, many of them flowering azaleas, that fleetingly relieve the urban drab.

But what it does not lack is commercial establishments. Whatever Napoleon said of the British 180 years ago is more than ever true of modern Japan, whose government goes a long way to protect small shopkeepers by, for example, restricting the number of supermarkets in any given area (Hirakawacho has none). What we have instead is a collection of necessarily incomplete counters: five convenience stores, about six butchers, four greengrocers and five fishmongers, four patisseries, several hardware stores, a button shop, a kimono tailor, a golf shop, a dry cleaner, several hairdressers, and vending machine banks mostly running to beer, whisky and batteries. We also have an old-fashioned handcart peddling roast sweet potatoes in winter and, for those who really can't bother to walk 100 yards, fleets of delivery bicycles.

Additionally, we run to something called the CIA (it stands for Creative Intervention Agency), a biscuit factory, a sports-and-sex newspaper, one hotel, two concert halls, an elite junior high school, and a handful of company dormitories housing young executives.

And an abacus would be needed to count the restaurants. The one opposite our front door is to judge by the BMWs, Mercedes and large limousines parked outside and the elegant kimono-clad waitresses ushering customers in and out a fish establishment of distinction. The Hummingbird Cafe next door used to advertise "coffee and curry," but it has changed hands recently, perhaps not surprisingly given the menu, and is now called something else.

Round the corner we have both a French bistro and an Italian tratt (both a bit Japanese, that is, longer on appearance than flavour) and another, as yet unpatronised, called "Italian Restaurant Wine and Cake." There is a Korean barbecue (excellent), a Chinese cafe and several dozen Japanese cuisines on tap, a karaoke (sing-along) bar in a basement and any number of nomiyas (literally "drinking places") a sort of Japanese pub, both of which tend to stay open later than the notoriously early general closing time of about 9:30 pm.

And, until last month, we had a genuine bona fide saké shop. The Yoshida family is an Hirakawacho institution and it has been selling saké here for over 100 years. The current premises are not old - the neighbourhood was pretty well flattened in the last war - but the feel of the place was, with wooden shelves stuffed with drinks and snacks, a stool for the customer, and green tea always available. The atmos-



phere was informal, relaxed, the service was sensational, and there was not much wrong with the saké either.

The trouble was as Yoshihiko Yoshida, son of the present patriarch, put it the other morning in the shiny new "community store" - that "old liquor shops have gone with the times." In fact the Yoshidas have been running a van delivery service for several years and simply wanted to broaden their product range. They did not feel, he said, much competitive pressure.

This is the sort of un-sentimental, pragmatic attitude which, combined of course with the totally contradictory attachment to tradition, is very typical of Japan today. Thus, Yoshihiko Yoshida talks in terms of how much he can sell and how best to display his goods: not always accurately; the Japanese problem with the letters "l" and "r" mean that the milk and butter section is labelled "daily foods" but not vice versa; the sacrifice of the human capital of the Japanese value so highly.

So the new superette, which really is very small, with only one cash register, and completely self-service, employs no less than 15 people (the van service included) full part time, five of them family members. It is indecise to ask if the Yoshidas make money but it is a stone cold certainty that it is a stone cold investment they will be in some sort of business in Hirakawacho 100 years from now.

Mr Tanaka, who is now in his late sixties, will not be, though his presence and his works will be hard to eradicate. Whatever else may be said of the former

Prime Minister now appealing against his Lockheed bribery conviction - and the Japanese never tire of saying a lot - his exquisite use of patronage has done an awful lot to keep his countrymen in employment.

This is evident today every time he sweeps into our neighbourhood from his mansion in Mejiro, half a dozen miles away. Rarely does he arrive in a convoy of less than four cars, often with TV cameras tracking his every public step; you can always tell when he is in situ by the large number of broad-shouldered young men (they serve a testament to the improved national diet) patrolling the pavement outside; however, they all seem to be suffering from a hearing affliction.

But the needs of the new office for his political faction are already having a beneficial impact on local services. The road outside has been in a state of permanent construction for the last two months; whatever the reason, we have noticed that our chronically low water pressure seems to have improved since then; and the brigades of volunteer street sweepers, to whom a single cigarette butt is an affront, seem to have redoubled their efforts.

Certainly we feel safer enjoying Mr Tanaka's protection. Not that Hirakawacho is a dangerous place in any case, but last summer we did have an armed (with a knife) robbery down the street. This produced the extremely diligent Inspector Kudo, of the nearby Kojimachi yard, flourishing identikit sketches and leaving no investigatory stone unturned. But that incident was so rare that it was last year's big story.

BUILDING SOCIETY RATES

Table with columns: Share, Sub-pr, a/c, shares, Others, % and various building society names like Abbey National, Aid to Thrift, Alliance, Anglia, Birmingham and Bridgwater, Bradford and Bingley, Britannia, Cardiff, Catholic, Century (Edinburgh), Chelsea, Cheltenham and Gloucester, Citizens Regency, City of London (The), Derbyshire, Gateway, Greenwich, Guardian, Halifax, Heart of England, Hemel Hempstead, Hendon, Lambeth, Leamington Spa, Leeds and Holbeck, Leeds Permanent, Leicester, London Permanent, Midlands, Mornington, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Padington, Peckham, Portman, Portsmouth, Property Owners, Scarborough, Skipton, Stroud, Sussex County, Sussex Mutual, Thrift, Town and Country, Wessex, Woolwich, Yorkshire.

New York changes hit Geers Gross

SECOND-HALF pre-tax profits at Geers Gross, advertising agent and consultants, fell from £12m to £10.5m, and figures for 1983 as a whole were lower at £128m compared with £131m.

Mr Charles Hoare, the chairman, believes that expenditure associated with the company's New York office reorganisation during the year, is now behind the company. With turnover there is excess of \$100m, he says it is well-placed to gain a share of this, the most important communications market in the world.

Geers Gross London, celebrating its 20th anniversary this year, will show continuing growth both in terms of profitability and turnover, demonstrating its abilities to build on its acknowledged reputation.

He adds: "The overall business of the group will, I'm sure, be assisted by the marked upturn in the economies of both the UK and the U.S."

The group's pre-tax profits were affected by the New York

DIVIDENDS ANNOUNCED

Table with 4 columns: Company name, Current dividend, Date of payment, Total dividend for year. Includes Comet Group, Concentric, M. Y. Gleeson, Nth Industrial, North Midland, Personal Assets, Slaters Foods, George Spencer, Thrill Mile Invest.

reorganisation to integrate the management and staff of Kurtz & Tarlow in February 1983, and the necessary move to new offices in September to cater for future expansion of its operation in that city.

In London, profit margins remain consistently higher than the average industry average.

comment

The departure of a senior executive who takes with him a lucrative account highlights the vulnerability of companies like Geers Gross, whose only real

income-earning assets are its highly mobile workforce. In this case the loss of Purolator, which probably cost about £0.5m in lost revenues, came at the same time as expenditure of about £0.25m to rationalise Kurtz and Tarlow with the existing U.S. business and move the whole operation into new and expensive offices in New York.

Gleeson rises to £1.9m and pays 10% more

Profits rose from £1.28m to £1.91m at St. J. Gleeson Group in the six months to end-December 1983, and the interim dividend is lifted by 10 per cent to 1.43p.

Over half of the taxable profit was attributable to non-trading income, which saw a rise in rent and interest received of £268,000 to £1.14m.

Gleeson also has interests in civil engineering and building contracting. Overall group turnover for the period amount to £85.13m, compared with £36.33m.

Commenting on current trading and prospects, the directors expect the full year's outlook to compare favourably with the £3.14m achieved last year.

Looking further ahead, they say that the group's continuing policy of not taking on contracts at inadequate margins means that turnover in the next year or two may decline.

However, they point out that Gleeson's expansion into residential and commercial property together with the control of overheads should safeguard pre-tax profits.

Net profits for the opening period came out at £1.16m (£1.04m) after tax of £751,000 (£845,000), and earnings per 10p share rose from 10.35p to 11.6p.

The directors say that the increased tax charge recognises the Budget changes relating to capital allowances and stock relief and the re-instatement of the deferred tax account.

Metamec interim losses rise

THE DIFFICULT trading conditions which have affected Metamec Jenique in the last three years have persisted in the first half of the group's 1983-84 financial year. Turnover of this Norfolk-based clock and furniture manufacturer fell by 14 per cent to £4.14m and resulted in losses rising from £439,000 to £484,000.

The results reflected lower sales coupled with product development and rationalisation costs in the Metamec clock division and the costs of reducing capacity on the Jenique furniture side.

The interim deficit follows a full year 1982-83 loss of £739,000 to £977,000. There is again no interim but last year the group paid a nominal dividend of 0.01p to preserve trustee status.

Mr J. H. Williams who took over the chairmanship following the resignation of Mr G. W. Cooper in February, reports that 1984 had started with sales below expectation, but both of the group's companies are working full time. He says that progress has been shown following a re-appraisal of the group's activities and this has enabled it to maintain the support of Barclays Bank, the group's bankers.

The chairman reports that in the clock division—where turnover in the interim period was lower by 11 per cent—extensive market research has been carried out together with product development and rationalisation of production facilities. An enhanced range of products launched in March has been "well received" but at the same time some further rationalisation of the production capacity has taken place.

In the Jenique furniture furniture turnover was down by 15 per cent. Trading in the early part of the year was poor. Good orders were taken at the November exhibition but conditions have subsequently become more difficult, the directors state.

At the trading level there was a loss of £111,000 in the half year compared with £11,000. Depreciation and plant leasing charges required £258,000 (£294,000) and bank interest took £124,000 (£144,000). Loss per 25p share is stated at 6.2p (5.5p).

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Following his election as president of the Society of British Gas Industries, Mr Vic Miles has agreed to take an earlier retirement in order to devote more time to his presidential duties.

Concentric ahead to £740,000

A MARKED increase in pre-tax profits from £458,000 to £740,000 at Concentric for the six months to the end of March 1984. The directors point out that the company is still striving to bring margins to an acceptable level in all its business involving supplies to original equipment manufacturers.

The net interim dividend has been lifted from 1.21p to 1.27p—earnings per 10p share moved up from 1.77p to 2.61p. In the full year a total dividend of 3.31p is proposed, a rise from pre-tax profits of £131m, on sales of £44.17m.

At the end of the last full year the directors had said that while the future looked brighter than a year before their experience over the three previous years discouraged over-optimism, and they viewed the next 12 months with quiet optimism.

Sales of this maker of controls and assemblies for domestic, automotive and engineering industries moved from £21.32m to £26.68m for the half year.

Commenting on the results, the directors say that many of the new areas of activity in which the company has pursued during the past three years are beginning to yield returns. These have made a significant contribution to the half year sales as much as any upturn from traditional markets.

Some stability detected in the market place a year ago has wavered they say and while they are increasingly confident about the group's future, they still believe that the market will show signs of fragility for some time to come.

Following his election as president of the Society of British Gas Industries, Mr Vic Miles has agreed to take an earlier retirement in order to devote more time to his presidential duties.

COMPANY NEWS IN BRIEF

The offer for sale of 7.3m shares in Microvidec, the UK market leader for colour display monitors for computers, was oversubscribed 37 times at the fixed price of 180p per share. Dealings in the shares should begin on the USM on Thursday, May 24.

There was again no tax charge. Extraordinary debits took £51,000 (£194,000). On a historic basis, earnings per share were 9.5p (2.15p) and on a CCA basis they were 9.6p (2.12p).

Following a rise in interim losses from £371,000 to £422,000, George Spencer, leisurewear and knitwear manufacturer, finished 1983 with a deficit of £1.01m, the same as the previous year's £964,000.

Net asset value at London Trust increased from 101.2p to 114.5p per 25p ordinary share in the year to March 31, having stood at 102.5p mid-way.

Atlantic Resources loss rises to £1.62m

TAXABLE LOSSES in the second half at Atlantic Resources, oil and gas exploration and production company, based in Dublin, rose from £1,306,000 to £1,611,000 and left the deficit for the 1983 year at £1.62m, compared with £280,000 previously.

Again there is no dividend for this unquoted concern. Net production revenues amounted to £242,000 against £112,000. While the pre-tax figure was after amortisation of deferred exploration and development costs, £370,000 (£27,000), and general and administration expenses and interest of £239m (£513,000).

The loss was increased to £1.7m (£544,000) after tax of £142,000 against £154,000—last time there was a repaid dividend gain of £282,000.

In the U.S., the company has continued the policy of reducing costs through farmouts of underdrilled exploration acreage in Oklahoma. The situation regarding the 225 acre units in the U.S. is still unresolved and resulted in the curtailment of production during 1983, both in West Virginia and Oklahoma.

The directors say the likelihood of a "major" re-orientation of control has been decided. Directors say the increase in the attributable loss for 1983 was due mainly to interest charges arising in the U.S. Although the amount of interest paid was comparable to the previous year, the directors no longer capitalise any part of it as deferred exploration and development costs.

This subsidiary will concentrate on servicing and repairing its base-line industrial equipment.

Accordingly the directors have decided that the unrealised exchange gain of £517,000 is more prudently shown as a movement within the balance sheet rather than in the profit and loss account. In addition, a provision of £100,000 has been made in the group's books against repayment of the loan advanced to the subsidiary.

Auditors, Coopers & Lybrand say that the deferred exploration and development costs of £22.03m represent costs relating to the group's participation in exploration and drilling on its own account. They say the group uses the full cost method of accounting and so the value of the deferred exploration and development costs is dependent upon the satisfactory outcome of current and future exploration and development.

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Merger terms unveiled for Polly Peck and Wearwell

Mr Asil Nadir, the Turkish businessman, yesterday announced details of the long-announced merger between Polly Peck and Wearwell, two companies under his control.

Polly Peck, an international trading group, is making a recommended offer for clothes manufacturer Wearwell on terms which value the company at up to £53.4m.

The terms are 53 new Polly Peck ordinary shares for every 100 Wearwell ordinary. Alternatively, Wearwell holders may choose to take 33 Polly Peck new shares and 54 Polly Peck 6 per cent convertible preference shares for every 100 Wearwell shares.

At the same time both companies announced higher interim profits. Pre-tax profits of Polly Peck have advanced from £50.7m to £58.83m for the six months ended March 31 1984, on turnover up from £18.16m to £45.29m. Earnings per share are shown to be up from 10.2p to 21.4p and the interim dividend is 1p (0.9p).

Pre-tax profits of Wearwell rose from £2.47m to £2.73m on turnover slightly lower at £13.33m (£13.69m). Tax amounted to £1.46m (£1.23m) and there was an extraordinary charge of £300,000 relating to a deferred asset. Earnings per share were stated at 3.9p (3.6p). The interim dividend is 1.45p (1.32p).

The reduction in turnover reflected the cessation of Wearwell's involvement in fruit trading and in the sale of paper. Following the bid and the announcement of the results Polly Peck closed 5p down at 307p and Wearwell were 1p lower at 143p.

The ordinary share offer values each Wearwell share at 164.3p and the mixed alternative at 156.3p. Full acceptance of the ordinary share option would mean the issue of about 17.25m new Polly Peck shares, taking the total number in issue to about 91.7m. Maximum acceptance of the alternative would involve issuing about 11.55m new ordinary and about 15m new preference shares. The first option values the offer at £53.4m, the second at £51.2m.

Mr Nadir and his fellow directors of Wearwell who together control 14 per cent of the shares have accepted the proposed deal which was first mooted in December 1982.

But the City will have to wait a little longer for the merger into Polly Peck of Cornell, the third quoted company controlled by Mr Nadir. It is to sell a water bottling plant now being built in Turkey. Yesterday's statement said that Polly Peck still intended to bid for the Cornell shares it did not own, but that "it was considered inappropriate to formulate specific proposals until the operational progress of the plant" can be fully demonstrated.

The directors said Polly Peck continued to benefit from the substantial agricultural produce potential of Turkey and Northern Cyprus. The agricultural, food and related industries division was successful in expanding the sales volume of its

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products in its established markets where demand for the division's produce was buoyant, while continuing to seek out new market opportunities.

The division's fruit trading and production activities from existing operational areas had been expanded considerably. These were supported by new production and packing facilities established during the course of 1983—in particular, the second carton manufacturing plant which came into operation last November.

The group's consumer electronics division continued to make good progress with its project to establish a colour television and video recorder manufacturing plant at Mantia, near Izmir.

Manufacture of video recorders from made-to-order kits is expected to commence very shortly, and the manufacture of colour televisions soon after the planned September completion date of the factory.

The company, in conjunction with Thorn EMI, video, is continuing to assess the climate for entering the Turkish software market.

A further delay, the Niksar mineral water bottling plant is nearing completion and commercial production is expected to start very shortly.

Of the pharmaceutical division, the terms of the acquisition of ICP in Cyprus have been renegotiated and a varied agreement is expected to be completed with effect from July.

See Lex

Harrison Cowley bid approach

Harrison Cowley (Holdings), one of the country's largest regional advertising agencies, has received an approach which may see 50 per cent of the shares and talks are continuing on the terms as outlined in our announcement.

The merchant bank confirmed that talks had been in progress for a number of days and it would be decided in the next few days whether an agreed offer could be made for Harrison fairly soon. An announcement can be expected next week.

Harrison operates a string of advertising agencies with the head office based in Bristol. Other offices are located in:

Fleming, the company's advisors, said that: "The board and Fleming's together control more than 50 per cent of the shares and talks are continuing on the terms as outlined in our announcement."

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Harrison operates a string of advertising agencies with the head office based in Bristol. Other offices are located in:

Southampton, Birmingham, Manchester and Edinburgh. The group has two public relations companies in Bristol and Birmingham and a 75 per cent interest in Harrison Cowley Executive Selection, a company offering executive search and recruitment advertising services.

A full stock market quote was obtained in 1982, the shares having traded under Rule 163 (2) since 1980.

In the year to December 31 1983, profits amounted to £710,000, after a couple of full years following a peak of £924,900 in 1980.

W. H. Smith leaves field clear for Guinness bid

W. H. Smith, the newsagent and bookshop, yesterday bowed out of contention for Martin the Newsagent following the £48.6m agreed bid made by Arthur Guinness and Sons on Thursday. Smith's £34.4m bid had been rejected by Martin. Yesterday, it said it would not proceed with its offer, subject to formal publication of the Guinness offer document, in view of the level of the Guinness bid.

Guinness has 130 stores in the Lavelle newsagent chain, compared with Martin's nearly 500. Its bid for Martin was four

Guinness shares plus £4.50 or cash alternative of £10.50 for every three Martin shares. Guinness shares fell 5p to 150p yesterday valuing the company at £264.7m, while Martin shares slipped 4p to 346p, valuing it at £45.8m.

Guinness said that it had purchased 675,000 Martin shares at 350p each, equal to the cash equivalent in the offer, raising its stake to 5.8 per cent from 5.1 per cent. It has also received undertakings from the Martin family covering an additional 16.5 per cent of Martin.

Lyle Shipping seeks to calm investors fears

Lyle Shipping, a Glasgow-based shipping group, yesterday sought to calm investors about its financial health as its share price fell a third of its value following a qualification of its 1984 accounts.

In a statement issued in response to the share price fall, the company said the qualification referred only to its financing, not yet secured, for two new vessels, which are to be delivered until January 1985.

Mr John Maclean, now managing director of a subsidiary and due to become managing director of the group on May 31, said Lyle has arranged working capital facilities from its bankers.

Lyle said negotiations with banks on the ship financing were continuing, but it could not say when they would be concluded.

Mr Maclean said the company issued the statement because it was advised by its brokers that the stock market might believe Lyle had a working capital problem. This was not the case, he said.

Lyle, hit by low freight rates for bulk carriers, reported a pre-tax loss of £5.05m for 1983 compared with a £7m loss in 1982, on turnover of £208.67m against £25.02m.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The outstanding development this week in the bids and deals sector came late on Tuesday afternoon. Thorn EMI, the electronics group, then surprisingly announced that it was in talks with British Aerospace, the former state-owned aircraft company, which could result in a merger. The Government, which still controls a 48 per cent stake in BAE, is taking a neutral view on the possible merger. Thorn EMI emphasised the combined group would represent a major international force in high technology products and systems. A decision on whether or not to go ahead with the merger is some weeks off.

PRELIMINARY RESULTS

Table with 7 columns: Company, Year, Pre-tax profit, Earnings, Dividends. Lists various companies like Adv Services, All London Prop, Argus Press, Bank of Ireland, etc.

INTERIM STATEMENTS

Table with 5 columns: Company, Half-year, Pre-tax profit, Interim dividends. Lists companies like Althlon, Baggeridge Brick, Brown, Matthew, etc.

Financial services group Mercantile House, which acquired Alexander's Discount in February this year, agreed to buy, for £23.8m, another discount house in the shape of Jessel, Toybee and Gillett. It is also taking a 29.9 per cent stake in stockbrokers Laing and Crutebank. BPC also plans to make acquisitions, particularly in the U.S. BPC's shareholders are being offered BPC shares or cash at a premium over the investment trust's net asset value, which currently stands at around 200p per share.

Oil and Gas Production agreed to a £3.2p per share cash offer for the outstanding 70 per cent of the equity from the Merchant Navy Officers Pension Fund. The offer values OAGP at £15m.

An agreed 75p per share cash bid worth £38.5m was launched by McCormick and Co., a leading U.S. manufacturer of spices, flavourings and seasonings, for Paterson Jenks, Britain's largest spice manufacturer. Paterson's directors are backing the bid.

UK COMPANIES

RESULTS DUE NEXT WEEK

An element of caution has caused at least some analysts to downgrade their forecasts for the end of March, due on Wednesday. The main reason for this seems to have been a decision by UK drug wholesaler Boots to reduce its prices...

through its heavy exposure to larger and a programme of cost reductions, but the interim results will be reported against the background of a strong recovery in the comparable period. Nevertheless, the company has already reported that trading in all divisions has shown an improvement.

Pre-tax profits should be just under £150m (£125.6m), excluding property sales profits which may add £15m (£14.8m). The growth and growth of J. Sainsbury now has an air of inevitability about it, as the results for the year to the end of March, due on Tuesday, should confirm its success...

Next week sees results from the UK's two biggest bread makers with preliminary figures to April from Associated British Foods, on Monday, and on Tuesday, interim to March from Rank's Bovis McDougall. In both cases, it happens, the figures will not be directly comparable with the previous year's figures...

The brewery sector gets a look in next week with preliminary results from Tennent on Tuesday and an interim announcement from Bass on Wednesday. In Whitbread's case, the announcement will be for a 53 week period against the background that the company is at the end of a rationalisation programme...

Other brewers to report next week include Young & Co (finals results on Thursday), Wolverhampton & Dudley (interim results on Thursday), and Davenport Brewery (interim on Friday). Other results due include Redfearn National Glass (with half-year figures due on Wednesday), and Xetel Group with preliminary figures out on Thursday.

Table with columns: Company, Dividend (p), Last year, Final, Int. This year. Lists various companies like Allied Irish Banks, Assam-Donner Holdings, Barclay's Bank, etc.

Table with columns: Company, Dividend (p), Last year, Final, Int. This year. Lists companies under 'INTERIM DIVIDENDS' such as Anglo-Continental, ASEA AB, etc.

SHARE STAKES
Leisuretime International - Kennedy Brothers, together with its subsidiary, acquired 3,300,000 ordinary shares and now represents 7.32 per cent of the issued share capital of Leisuretime.

Exceptional gains help to deflate Michelin losses

BY PAUL BETTS IN PARIS
MICHELIN, THE French tyre manufacturer, reported yesterday sharply lower group losses of FF2.14bn (£252.6m) for last year, compared with a deficit of FF4.10bn in 1983.

Rise in costs hits Commerzbank
BY OUR FINANCIAL STAFF
COMMERZBANK, one of the big three commercial banks in West Germany, expects lower results this year following a slight decline in profits for the first four months of 1984.

South African steel group's margins tighter
By Our Johannesburg Correspondent
EXTREMELY COMPETITIVE market conditions have resulted in narrower margins for the South African Steel and general engineering company Steyn and Lloyds.

Associated Engineering's SA unit back in the black
BY JIM JONES IN JOHANNESBURG
DISPOSAL OF its troubled motor spares division helped Associated Engineering's 64 per cent-owned South African subsidiary return to profits in the six months ended March.

Sharp rise for Erbamont
BY ALAN FRIEDMAN IN MILAN
ERBAMONT, the pharmaceutical subsidiary of Italy's Montedison group, recorded a 41 per cent jump in its first quarter net earnings this year, to Lit2bn (\$7m).

DSM starts year on firm note
BY OUR FINANCIAL STAFF
DSM, THE Dutch state-owned chemicals group which hauled itself out of the red last year, has made what is described as an excellent start to 1984 with sales for the first three months up by 25 per cent.

TransCanada Pipelines
Canada's national gas transmission company wants to expand its system to handle natural gas sales to the north-eastern U.S., requiring investment of more than \$31bn over three years.

Raytheon
RAYTHEON, THE U.S. defence electronics, engineering and aviation group, is to shut down its data processing subsidiary, Raytheon Data Systems, and will take an after-tax charge of \$95m against this year's earnings.

BASE LENDING RATES
A.B.N. Bank 9 1/2%
Allied Irish Bank 9 1/2%
Amro Bank 9 1/2%
Henry Ansbacher 9 1/2%
Arco Trust Ltd. 9 1/2%
Associates Cap. Corp. 9 1/2%
Banque de Bilbao 9 1/2%
Bank of Cyprus 9 1/2%
Bank of India 9 1/2%
Bank of Scotland 9 1/2%
Banque Paribas 9 1/2%
Barclays Bank 9 1/2%
Beneficial Trust Ltd. 10%
BCCI 9 1/2%
Bank of Ireland 9 1/2%
Bank of Kuwait 9 1/2%
National Girobank 9 1/2%
National Westminster 9 1/2%
Norwich City 9 1/2%
People's Trust & Sav. Ltd. 9 1/2%
P. Raphael & Sons 9 1/2%
P. S. Refson & Co. 9 1/2%
Roxburgh Guarantee 9 1/2%
Royal Trust Co. Canada 9 1/2%
J. Henry Schroder Wagg 9 1/2%
Standard Chartered 9 1/2%
The Dev. Bank 9 1/2%
TCB 9 1/2%
Trustee Savings Bank 9 1/2%
United Bank of Kuwait 9 1/2%
United Mizrahi Bank 9 1/2%
Volkskas Limited 9 1/2%
Westpac Banking Corp 9 1/2%
Whiteaway Laidlaw 9 1/2%
Williams & Glyn's 9 1/2%
Winttrust Secs. Ltd. 9 1/2%
Yorkshire Bank 9 1/2%

Granville & Co. Limited
Member of NASDIM
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212
Over-the-Counter Market

Table with columns: 1983-84, High, Low, Ass. Brn. Ind. Ord., Price, Change, % Yld, Fully Paid, Actual, % Yld. Lists various companies like High Low, Ass. Brn. Ind. Ord., etc.

China to tap bond market in Japan

BY Yoko Shibata in Tokyo
BANK OF CHINA is to tap the Japanese capital market later this year, possibly raising as much as ¥40bn (\$172.4m) through a public offering of bonds.

Walt Disney in \$200m property group share deal
BY TERRY BYLAND IN NEW YORK
IN A MOVE likely to make an unfriendly takeover more difficult, Walt Disney Productions has struck a deal with the wealthy Bass family of Texas.

Drought cuts into first results from CNA-Gallo
BY OUR JOHANNESBURG CORRESPONDENT
CNA-GALLO, the South African company which retails books and stationery and produces records and tapes, made a trading profit of R25.7m (\$20m), on total sales of R283.6m (\$221m), in its first period as a merged concern.

Canadian Tire shows loss in U.S. operations
By Robert Gibbons in Montreal
CANADIAN TIRE, which had a \$1.1bn takeover bid by Imasco last year, reports more losses in its U.S. operations in the first quarter.

Forbo profits on target
BY JOHN WICKS IN ZURICH
FORBO, the international floor and wall-coverings concern, expects "another good result" in 1984, the company told the annual meeting yesterday.

\$95m charge at Raytheon
BY OUR FINANCIAL STAFF
RAYTHEON, THE U.S. defence electronics, engineering and aviation group, is to shut down its data processing subsidiary, Raytheon Data Systems, and will take an after-tax charge of \$95m against this year's earnings.

Barclays Bank
Prime Account
P.O. Box 125
Northampton NN1 1SU
Prime Account interest rate 8.75% nominal
9.04% APR

FUTURES
It is proposed to publish a survey on the above subject on:
Monday June 25th
Coverage of the markets will include LIFFE: Agricultural Futures and the International Petroleum Exchange

MONTAGU
LIMITED MANAGERS LTD
11 Devonshire Square
EC2M 4YR, 01-622 4278
London EC2P 4EY

LADBROKE INDEX
Based on FT Index
870-874 (-5)
Tel: 01-492 5261

MGM ASSURANCE
MARINE AND GENERAL
MGM LIFE ASSURANCE SOCIETY
MGM LIFE, NEW YORK, NEW YORK
Telephone: (212) 284-6311

Table with columns: FUND, BID OFF, LIFE, BID OFF P, P, BID OFF P. Lists various funds like UK Off, Cap 124, etc.

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various industry indices.

Table of New York active stocks with columns for stock name, price, and change.

Table of Toronto stock market data including Dow Jones, S&P 500, and various industry indices.

Table of Montreal stock market data including Dow Jones, S&P 500, and various industry indices.

Table of Wall Street stock market data including Dow Jones, S&P 500, and various industry indices.

Table of Canadian stock market data including Dow Jones, S&P 500, and various industry indices.

Table of European stock market data including Dow Jones, S&P 500, and various industry indices.

Table of Japanese stock market data including Dow Jones, S&P 500, and various industry indices.

Table of Australian and South African stock market data including Dow Jones, S&P 500, and various industry indices.

Awaiting pre-election plans

STOCKS DRIFTED lower in moderate trading on Wall Street yesterday. By 1 pm the Dow Jones Industrial Average was off 7.20 to 1134.95, making a loss of 2.19 for the week.

Volume decreased 1.3m shares to 4.7m, compared with 1 pm Thursday. Prices moved lower at mid-session, in line with downturn on Wall Street.

The Toronto Composite Index was down 3.3 to 2,345.25, declines led by a rally in blue-chip stocks.

Investment Company's large electronic financial difficulties. Trading on Conic's shares has been suspended since Thursday at the company's request.

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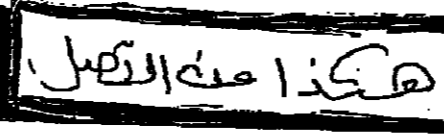
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CURRENCIES, MONEY and CAPITAL MARKETS

Companies and Markets

FOREIGN EXCHANGES

Dollar improves

The dollar maintained its firmer trend in currency markets yesterday, underpinned by renewed Middle East tension. There was also a reaction to an upward revision in the first quarter GNP figure. This gave rise to fears that continued credit demands and need to finance the U.S. budget deficit would exert further upward pressure on U.S. interest rates. Short-term funds had been in good supply, following operations to bail out Continental Illinois although the Federal authorities drained reserves on Friday with Fed funds trading at 9 1/2 per cent. The extent of the dollar's rise may have been inhibited however by fears of further central bank intervention. The dollar closed at DM 2.7735 against the D-mark, up from a day's high of DM 2.7800 but up...

Table with columns for currency, May 18, and Prev. close. Includes entries for Sterling, Swiss Franc, Japanese Yen, etc.

OTHER CURRENCIES

Table listing various international currencies such as Argentine Peso, Australian Dollar, Brazilian Cruzeiro, etc., with their respective exchange rates.

EXCHANGE CROSS RATES

Table showing cross rates between major currencies like Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, etc.

Firmer rates

Interest rates were a little firmer at the larger end of the market yesterday, reflecting concern over the future trend in interest rates and the recent attempt to bail out Continental Illinois. Three-month interbank money was quoted at 9 3/8 per cent compared with 9 1/8 per cent on Thursday while three-month eligible bank bills were bid at 8 1/2 per cent, unchanged from Thursday. Short term rates were a little softer as the Bank of England gave more than adequate assistance on the projected shortage. Weekend interbank money opened at 8 1/2 per cent and eased steadily to 7 7/8 per cent. Rates came back briefly to 7 1/2 per cent before slipping away to around 4 per cent. A late demand pushed closing balances up to 10 per cent. The Bank forecast a shortage of around £100m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £150m and a rise in the note circulation a further £200m. The forecast was later revised to a shortage of around £200m and the Bank gave assistance in the morning of £70m, comprising...

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various currencies like US, Canada, Netherlands, etc.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various currencies like UK, Ireland, Netherlands, etc.

MONEY MARKETS

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UK clearing banks' base lending rate 9 1/8 per cent (since May 10 and 11)

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LONDON MONEY RATES

Table showing London money rates for various terms like Overnight, 7 days notice, 1 month, etc.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies and terms.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-currency interest rates for various currencies like Sterling, U.S. Dollar, etc.

Discount Houses Deposit and Bill Rates

Table showing discount houses deposit and bill rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies and terms.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like metals, grains, etc.

REVIEW OF THE WEEK

Crop doubts boost coffee prices

COFFEE prices on the London futures market moved up strongly again this week reflecting a continuing shortage of supplies of suitable quality for delivery against futures contracts. A 286.50 rise yesterday left the July position at £192 up from the week at £247.4 a tonne, a 6 1/2 year high. Dealers said yesterday's rise was encouraged by talk of sharply lower crops in the Ivory Coast (for 1983-84) and Brazil (1984-85). This week's rise took the International Coffee Organisation 15-day average indicator price above 145 cents a lb, triggering the release of another 1m bags (60 kilos each) of export quotas. But in view of the difficulty in finding sufficient deliverable supplies even within the exist-

AMERICAN MARKETS

Crop doubts boost coffee prices

ing quota the extra release had little market impact. The lack of good quality coffee is attributed to heavy rain in Brazil and drought in African growing areas last year. Cocoa prices also gained ground yesterday, wiping out a fall sustained earlier in the week. July position on the London futures market ended at £201.3 a tonne. An early rise, based on an International Cocoa Organisation (ICCO) estimate of 20, 112,000 tonnes 1983-84 production deficit, was wiped out by a technical shake-out resulting from an overbought market situation. But the market moved up again after London merchants Gill and Duffus, published an even more bullish supply/demand report outlining 1983-84 deficit at 132,000 tonnes.

BASE METALS

Dealers said physical equity from Eastern Europe gave further encouragement for yesterday's price rise. Potato futures prices moved up again as the UK main crop season drew nearer to its conclusion. Doubts about the availability of sufficient supplies following last year's wet spring and summer drought pushed the quotation for May delivery - the last current crop futures position - 44.85 higher at £249.25 a tonne. Base metal prices on the London Metals Exchange were mixed with copper values continuing to lose ground but lead and zinc moving up strongly. While fundamental factors continued to point to firmer prices, copper prices continued to follow the decline in precious metals and the cash higher grade price ended 95.50 down on the week at £1,065.50 a tonne. A fall of 18,425 tonnes in LME stocks (the 9th in succession) was shrugged off as concern over U.S. interest rates overshadowed generally bullish fundamentals.

COFFEE

COFFEE indicator prices - (U.S. cents per pound) Daily prices for May 17, 1984 (120.50). Five-day average for 12.5, 120.50 (119.80).

INDICES

FINANCIAL TIMES May 17, 1984. 10th May Year Ago 216.77, 10th May Year Ago 216.77. (Base: July 1 1952-100)

REUTERS

May 18 1984. 18th May Year Ago 189.7, 18th May Year Ago 189.7. (Base: September 18 1931-100)

MOODY'S

May 17 1984. 17th May Year Ago 107.8, 17th May Year Ago 107.8. (Base: December 31 1974-100)

DOW JONES

May 18 1984. 18th May Year Ago 124.2, 18th May Year Ago 124.2. (Base: December 31 1974-100)

GRAINS

Business News - Wheat: May 124.20, 124.20. July 120.00, 120.00. (Base: December 31 1974-100)

WHEAT

May 124.20, 124.20. July 120.00, 120.00. (Base: December 31 1974-100)

PIGMEAT

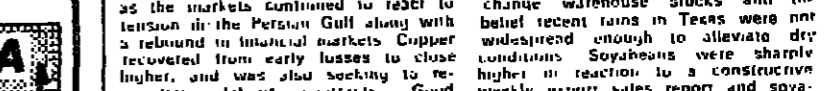
June 122.4, 122.4. Aug 117.8, 117.8. (Base: December 31 1974-100)

POTATOES

May 289.25, 289.25. June 282.00, 282.00. (Base: December 31 1974-100)

AMERICAN MARKETS

Cocoa



NEW YORK

May 18 1984. 18th May Year Ago 124.2, 18th May Year Ago 124.2. (Base: December 31 1974-100)

CHICAGO

May 18 1984. 18th May Year Ago 124.2, 18th May Year Ago 124.2. (Base: December 31 1974-100)

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POTATOES

May 289.25, 289.25. June 282.00, 282.00. (Base: December 31 1974-100)

LONDON OIL

Crude oil prices fell as the market reacted to a report that Saudi Arabia would increase production. The price of Brent crude fell 1.25 to 28.50 per barrel. Gas oil futures also fell, with the May contract down 0.25 to 21.50.

SPOT PRICES

Table showing spot prices for various commodities like crude oil, gas oil, etc.

GOLD MARKETS

Gold fell 4 1/2 ounces from Thursday's close in the London bullion market to 374.37. The metal opened at 374.37 and traded between 374.37 and 374.37. Trading was generally quiet with only a small reaction to further Middle East tension.

LONDON FUTURES

Table showing London futures prices for various commodities.

Gold and Platinum line

Table showing gold and platinum line prices.

Gold and Platinum line

Table showing gold and platinum line prices.

LONDON STOCK EXCHANGE

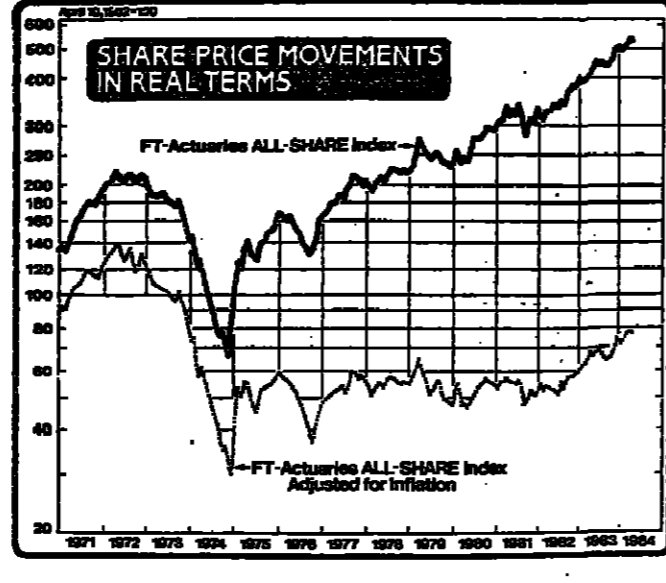
Companies and Markets

MARKET REPORT

Recent good rally stopped by U.S. banking worries Equity index falls 10.1 and Gilts resume downturn

Account Dealing Dates... \*First Declara- Last Account Dealings (ons Dealings Day Apr 30 May 10 May 11 May 21 May 14 May 31 June 1 June 11 June 21 June 4 June 14 June 15 June 25 New-time... deals may take place from 9.30 am two business days earlier.

optimistically forecasting that the 900 mark... Takeover speculation, which has featured many areas of the market since Thorn EMI's approach early in the week to British Aerospace, was far more muted. Even the long-awaited details of Polly Peck's first move to merge its activities—the group is bidding for Wearwell—brought only a token response. The prices of both shares fell late.



The after-hours details of Polly Peck's awaited bid for Wearwell caused a late flurry of activity. The former, which also announced half-year figures, fell to close 21p lower at 285p, while Wearwell settled 6c cheaper at 1.20. Elsewhere in the industrial sector, S. Pearson moved up 15 to 575p on the proposed Lazard Brothers deal, in contrast, profit-taking after the recent speculative advance clipped 17 from Powell Duffryn at 383p, but Sketcheley, still reflecting the German laundry acquisition, firmed 5 more to 365p. Press comment after the recent speculative advance left Metal Closures 5 up at 215p, after 220p, while Harvey and Thompson hardened a couple of pence to 122p following the disclosure that Matherwood had increased its stake to 9.82 per cent. Further profit-taking after the recent advance on the merger discussions with Thorn EMI left British Aerospace 6c cheaper at 317p. Thorn EMI drifted off 5 to 500p for a fall of 8p on the week. Avon Rubber, up 4 further at 175p, continued its expansion at 175p. Wednesday's interim figures, NVM Computers gained 15 more to 300p helped by Press mention and recent news that Applied Computer, Techniques had acquired an interest of 250,000 shares.

U.S. banking anxieties put a stop to the recent good recovery in London. The traumas caused by the financial difficulties of Continental Illinois reverberated in both the market for UK Government stocks and for industrial shares. The Federal Reserve Board's promise to meet any extraordinary liquidity requirement of the U.S. bank and the extension of the recent rescue package to \$7.5bn failed to calm investors fears.

Clearers down again Continental Illinois Bank of Chicago's troubles continued to overshadow the major clearing banks. Lloyds followed Thursday's late decline of 11p with a fresh fall of 9 to 563p, while Barclays gave up 5 more to 475p, after 470p. NatWest eased a couple of pence to 645p, after 645p. Midland, however, recovered from a dull early level of 383p to close a net 3 better at 370p. Rationalisation hopes remained the major spur to Discount Houses. Union advanced 10 more to rise of 45 on the week at 760p.

Most leading Buildings gave ground on light selling and lack of support. RMC were especially dull on concern about its West German interest in view of the labour unrest in that country and fell 12 to 432p. Redland, also involved in West Germany, eased a couple of pence to 269p. Elsewhere, Tarmac slipped 4 to 470p, but Rugby Portland Cement continued to attract support on vague talk of an Australian deal and hardened a penny more to 111p. Among secondary issues, Mr. J. Gleeson firmed 4 to 190p in reply to good half-year results, but Bellway, a firm market recently on speculative buying, came back 8 to 138p.

Resources, which remained a couple of pence lower at 78p. Double Eagle fell 9 to 51p, after 49p, on the withdrawal of speculative support, but Ohio Resources gained 5 to 50p. Mines lack impetus Mining markets finished a generally uneventful week in subdued fashion as the midweek rally in South African Golds ran out of steam following another uninspiring performance by both precious and base-metal markets. Bullion opened easier behind the slightly firmer dollar but staged a modest rally to close 30.75 lower at \$376.5—a rise of \$3.75 on the week. A shade easier from the outset reflecting bullion and trans-Atlantic influences, share prices then succumbed to persistent sell from Johannesburg. Thereafter, London and Continental sources proved hesitant to discuss positions ahead of the weekend as attention was diverted towards the Gulf and consequently the heavyweights displayed falls to around a point. Harbested dipped 11 to 457p, while Durban Deep, 220p, and Buffels, 542p, gave up 1/2 apiece. Similar conditions prevailed among more marginal stocks where Leslie, 238p, South African Land, 455p, and Deekraal, 250p, all shed around 15, but Unisel rose 22 to 945p.

After the official close, gilt-edged quotations rallied further and the longs settled 1/2 down on the session. Short-dated issues, too, recovered from the worst to close 1/2 lower, after 1/2. The short term stock, 550-paid Treasury 8 1/2 per cent Convertible 1989, which was activated by the authorities for the first time on Wednesday at 47, ended 1/2 easier at 47, after 47. Index-linked Gilts, however, attracted renewed light support following announcement of the April retail price index. This showed a rise of 1.3 per cent but left the year-on-year rate unchanged at 5.2 per cent.

Comment on the annual results helped C. E. Heath rise 5p fresh for a two-day jump of 27 to 420p. Among other Lloyds Brokers, Sedwicks recovered to 248p following the chairman's denial of fund-raising plans, but later fell to close the turn lower at 244p. Composites, bolstered this week by Allianz bid hopes, rose at 120p compared with the first-quarter loss of \$5.4m on Wednesday, softened a couple of pence to 215p, while General Accident gave up 4 to 465p after comment on the \$16m first-quarter deficit. Phoenix, at 455p, eased a penny but still ended the week with a gain of 27.

Quietly dull conditions prevailed among the Engineering leaders with TI easing to 348p and Hawker 5 to 431p. Among secondary issues, comment on the interim figures prompted fresh demand for RHP which closed 5 higher at 37p, while the increased interim dividend and profits left Concentric 3 firmer at 37p. A. Cohen rose 2 to 480p in an extremely thin market, but dull spots included Babcock, 7 cheaper at 158p, and IMI, down 3 1/2 at 77p.

Elsewhere, recent high flyer Petrolol drew fresh support on Texas exploration hopes and climbed 80 to 660p for a gain on the week. British Petroleum rose 10 to 170p helped by a broker's recommendation, while Gull Petroleum, one of the Dorset group, put on 8 to a 1994 peak of 136p.

FT-ACTUARIAL SHARE INDICES

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Fri May 18 1984, 1984 High, 1984 Low, Since Completion High, Since Completion Low. Includes categories like CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Fri, Day's change, Thurs, Fri, 1984, 1984, 1984, 1984. Includes categories like British Government, 5 years, 10 years, etc.

NEW HIGHS AND LOWS FOR 1984

Table with columns: NEW HIGHS (45), NEW LOWS (105). Lists various companies and their high/low prices for 1984.

RISES AND FALLS

Table with columns: Yesterday, On the week, Rises, Falls, Same. Lists various market categories and their performance.

ACTIVE STOCKS

Table with columns: Stock, Closing price, Day's change, Stock, Closing price, Day's change. Lists active stocks and their price movements.

THURSDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Thurs., Day's change, Stock, No. of Thurs., Day's change. Lists Thursday's active stocks.

5-DAY ACTIVE STOCKS

Table with columns: Stock, No. of Thurs., Last Change, Stock, No. of Thurs., Last Change. Lists 5-day active stocks.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, May 18, May 17, May 16, May 15, May 14, May 13, Year ago. Lists various stock indices and their values.

HIGHS AND LOWS

Table with columns: Index, High, Low, High, Low, S.E. ACTIVITY. Lists high and low values for various indices.

LEADERS AND LAGGARDS

Table with columns: Index, Percentage changes since December 30, 1983, based on Thursday, May 17, 1984. Lists leading and lagging stocks.

OPTIONS

Table with columns: First Dealings, Last Dealings, Declaration, Settlement, For, China Light, Astra, Hutchison, etc. Lists options data.

RECENT ISSUES

Table with columns: Issue price, Amount, 1984, Stock, Opening price, Change, etc. Lists recent issues and their details.

FIXED INTEREST STOCKS

Table with columns: Issue price, Amount, 1984, Stock, Opening price, Change, etc. Lists fixed interest stocks.

"RIGHTS" OFFERS

Table with columns: Issue price, Amount, 1984, Stock, Opening price, Change, etc. Lists rights offers.

Based on prospectus estimates of Dividend rate paid or payable as part of a dividend on full capital, or a prospectus or other official statement for 1984. Dividend and yield based on prospectus or other official statement for 1984. H. Dividend and yield based on prospectus or other official statement for 1984. G. Gross, P. Pence unless otherwise indicated. S. Issued by Stock, S. Issued by Shareholder of ordinary shares in connection with reorganisation merger or acquisition. Market, S. Placing price. FT Official London List. A Offered as public subscription and one 1/4 N/A Offer. S. No. per share. S. Price at suspension.

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Broad Street, London, EC4, price 15p, by post 20p. CONSTITUENT CHANGES: London & Liverpool Trust (44) and Comet Group (50) have been deleted and replaced by Atlantic Computers (5) and Gull Petroleum (51).

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

STERLING ISSUES BY FOREIGN GOVERNMENTS

Argentina Commonwealth 11.200.000 10/15/67
Australia Commonwealth 11.200.000 10/15/67
Canada Commonwealth 11.200.000 10/15/67

COMMERCIAL, INDUSTRIAL

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

UK PUBLIC BONDS

Agricultural Mortgage Corp 4/1961 (11) 61
Agricultural Mortgage Corp 4/1961 (11) 61
Agricultural Mortgage Corp 4/1961 (11) 61

COMMONWEALTH GOVT.

New Zealand 3.250.000 10/15/67
New Zealand 3.250.000 10/15/67
New Zealand 3.250.000 10/15/67

FOREIGN STOCKS

China (Republic of) 10.000.000 10/15/67
China (Republic of) 10.000.000 10/15/67
China (Republic of) 10.000.000 10/15/67

CORPORATIONS-Foreign

British Overseas Airways Corp 10/15/67
British Overseas Airways Corp 10/15/67
British Overseas Airways Corp 10/15/67

BANKS, DISCOUNT

Allied Irish Banks 10/15/67
Allied Irish Banks 10/15/67
Allied Irish Banks 10/15/67

BREWERIES

Allen & Unwin 10/15/67
Allen & Unwin 10/15/67
Allen & Unwin 10/15/67

C-D

Carroll Brothers 10/15/67
Carroll Brothers 10/15/67
Carroll Brothers 10/15/67

LONDON TRADED OPTIONS

Table with columns: Option, Calls, Puts, and various numerical values for different options.

CORPORATION & COUNTY

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

UK PUBLIC BONDS

Agricultural Mortgage Corp 4/1961 (11) 61
Agricultural Mortgage Corp 4/1961 (11) 61
Agricultural Mortgage Corp 4/1961 (11) 61

COMMONWEALTH GOVT.

New Zealand 3.250.000 10/15/67
New Zealand 3.250.000 10/15/67
New Zealand 3.250.000 10/15/67

FOREIGN STOCKS

China (Republic of) 10.000.000 10/15/67
China (Republic of) 10.000.000 10/15/67
China (Republic of) 10.000.000 10/15/67

CORPORATIONS-Foreign

British Overseas Airways Corp 10/15/67
British Overseas Airways Corp 10/15/67
British Overseas Airways Corp 10/15/67

BANKS, DISCOUNT

Allied Irish Banks 10/15/67
Allied Irish Banks 10/15/67
Allied Irish Banks 10/15/67

BREWERIES

Allen & Unwin 10/15/67
Allen & Unwin 10/15/67
Allen & Unwin 10/15/67

C-D

Carroll Brothers 10/15/67
Carroll Brothers 10/15/67
Carroll Brothers 10/15/67

INSURANCE

Commercial Union Assurance Corp 10/15/67
Commercial Union Assurance Corp 10/15/67
Commercial Union Assurance Corp 10/15/67

INVESTMENT TRUSTS

Alliance 10/15/67
Alliance 10/15/67
Alliance 10/15/67

T-U-V

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

UNIT TRUSTS

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

MINES-MISCELLANEOUS

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

MINES-SOUTH AFRICAN

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

PROPERTY

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

FINANCIAL TRUSTS

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., May, Last, Vol., Aug., Last, Vol., Nov., Last, Stock

PLANTATIONS

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

RAILWAYS

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

UTILITIES

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

WATERWORKS

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

UNLISTED SECURITIES MARKET

AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2
AAH High Corp (L) 48 (14) 2

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland...

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any stock exchange...

RULE 163 (3)

Deals for approved companies engaged solely in mineral exploration...

APPOINTMENTS

Three join Channel Four board. Mr James Gaward, managing director...

INTERLUBE SYSTEMS

Mr Peter Seldon has been appointed managing director of Interlube...

MERCANTILE HOUSE HOLDINGS

Mr John S. Florde as a non-executive director from June...

MR DUNCAN BLUCK

Mr Duncan Bluck has been appointed a director of JOHN SWIRE AND SONS...

MR ROGER PERKINS

Mr Roger Perkins has joined the board of LEWIS & CLARKE...

John White

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE 24

Main table listing FT Unit Trusts including Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for name, manager, and other details.

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for name, manager, and other details.

Insurances—continued

Table listing insurance companies and their services, including Albany Life Assurance Co Ltd, etc.

Table listing insurance companies and their services, including Albany Life Assurance Co Ltd, etc.

Table listing insurance companies and their services, including Albany Life Assurance Co Ltd, etc.

This space....

In addition to the advertising spaces available on the 'Your Savings and Investments' pages we are now able to offer a further opportunity to reach unit trust investors.

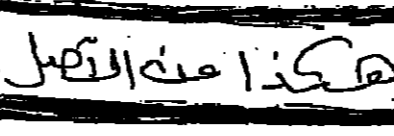
For a limited period only this space on the 'FT Unit Trust Information Service' page will be available to advertisers.

For further information please contact: Nigel Pullman, Bracken House, 10 Cannon Street, London EC4P 4BY Tel. (01) 218 8000

Table listing various financial services and companies, including Albany Life Assurance Co Ltd, etc.

Table listing various financial services and companies, including Albany Life Assurance Co Ltd, etc.





INSURANCE & OVERSEAS MANAGED FUNDS

Table listing various insurance and managed funds, including G.T. Management Ltd., Lloyds Life Assurance, and others, with columns for fund names and values.

Table listing various insurance and managed funds, including Property Growth Assurance Co. Ltd., Standard Life Assurance Company, and others, with columns for fund names and values.

Table listing various insurance and managed funds, including Bank of America International S.A., Barclays Overseas International, and others, with columns for fund names and values.

Table listing various insurance and managed funds, including Hamilton Pacific Fund Mgmt. Ltd., Richmond Life Ass. Ltd., and others, with columns for fund names and values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including Adis Investment, Allianz Fund Management Limited, and others, with columns for fund names and values.

NOTES: Prices are in pence unless otherwise indicated and are based on the latest available information...

FT LONDON SHARE INFORMATION SERVICE



BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield.

Over Fifteen Years

Table of funds with a track record of over fifteen years.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of various loans.

Public Board and Ind.

Table of public board and industrial shares.

Financial

Table of financial instruments.

AMERICANS

Table of American stocks.

BEERS, WINES, Wines - Cont.

Table of beer and wine stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stocks.

CANADIANS

Table of Canadian stocks.

BANKS, HP & LEASING

Table of bank, home purchase, and leasing stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

Hire Purchase, Leasing, etc.

Table of hire purchase, leasing, etc. stocks.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks.

DRAPERY & STORES - Cont.

Table of drapery and store stocks (continued).

ELECTRICALS

Table of electrical stocks.

FOOD, GROCERIES, ETC

Table of food, grocery, and other stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

ENGINEERING

Table of engineering stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

ENGINEERING - Continued

Table of engineering stocks (continued).

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

INDUSTRIALS (Misc.)

Table of miscellaneous industrial stocks.

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INDUSTRIALS—Continued

Table of industrial stock prices and financial data, including columns for stock name, price, and various financial metrics.

LEISURE—Continued

Table of leisure stock prices and financial data, including columns for stock name, price, and various financial metrics.

PROPERTY—Continued

Table of property stock prices and financial data, including columns for stock name, price, and various financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts stock prices and financial data, including columns for stock name, price, and various financial metrics.

OIL AND GAS—Continued

Table of oil and gas stock prices and financial data, including columns for stock name, price, and various financial metrics.

Buchanan's Scotch Whisky advertisement featuring a bottle and the slogan 'The Scotch of a lifetime'.

MINES—Continued

Table of mining stock prices and financial data, including columns for stock name, price, and various financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stock prices and financial data.

Garages and Distributors

Table of garage and distributor stock prices and financial data.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stock prices and financial data.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stock prices and financial data.

INSURANCES

Table of insurance stock prices and financial data.

SHIPPING

Table of shipping stock prices and financial data.

SHOES AND LEATHER

Table of shoes and leather stock prices and financial data.

SOUTH AFRICANS

Table of South African stock prices and financial data.

TEXTILES

Table of textiles stock prices and financial data.

TOBACCO

Table of tobacco stock prices and financial data.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices and financial data.

OVERSEAS TRADERS

Table of overseas traders stock prices and financial data.

PLANTATIONS

Table of plantation stock prices and financial data.

TEAS

Table of tea stock prices and financial data.

MINES

Table of mining stock prices and financial data.

Tins

Table of tin stock prices and financial data.

Miscellaneous

Table of miscellaneous stock prices and financial data.

NOTES

Notes section containing various financial notices and announcements.

REGIONAL & IRISH STOCKS

Table of regional and Irish stock prices and financial data.

OPTIONS—3-month call rates

Table of 3-month call option rates.

